RESTAURANTS & INSTITUTIONS

A CAHNERS PUBLICATION SERVING THE TOTAL FOODSERVICE INDUSTRY

JULY 24, 1989

400

PRODUCT OF THE YEAR:
THE CHICKEN SANDWICH

Part II: Menu Concepts

JULY 24, 1989

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Restaurants & Institutions: winner of more Neal Awards than any other foodservice magazine.

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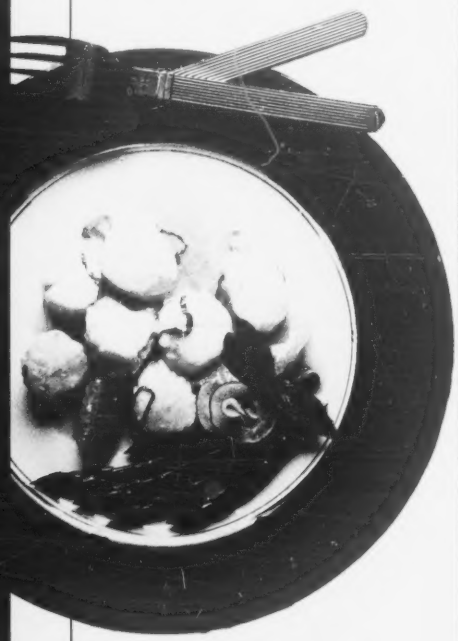


(L.) Club Corp. of America's healthful seafood entree.

All dressed up and packaged to go: Arby's Roast Chicken Club, served with bacon, lettuce, tomato and mayo, exemplifies the Product of the Year, grilled chicken sandwiches.

RESTAURANTS TAKE CUES FROM CUSTOMERS

Life styles count more than ever in menu development, marketing strategies and service enhancements.

More than ever, foodservice executives are looking beyond the research-and-development lab and into customers' lives for inspiration. Health concerns dictate new menu items. The need for speed prompts chains to redouble takeout efforts and try new service ideas, such as orders by fax and credit-card payments. And more and more chains are basing advertising campaigns on consumer opinion polls.

Foodservice's bow to consumers is most evident in the last 12 months' bumper crop of chicken sandwiches. The new breed of chicken sandwich features grilled—not fried—breast meat, in deference to the public's desire for a relatively low-fat sandwich. Jack In The Box, Druthers and Carl's Jr., all of which offer deep-fried chicken sandwiches, now list grilled sandwiches on the menu as well. "It's the perfect chicken sandwich for health-conscious consumers who are looking for a fast-food alternative to fried chicken," said Mo Iqbal, vice president of marketing at Jack In The Box, upon the grilled sandwich's debut.

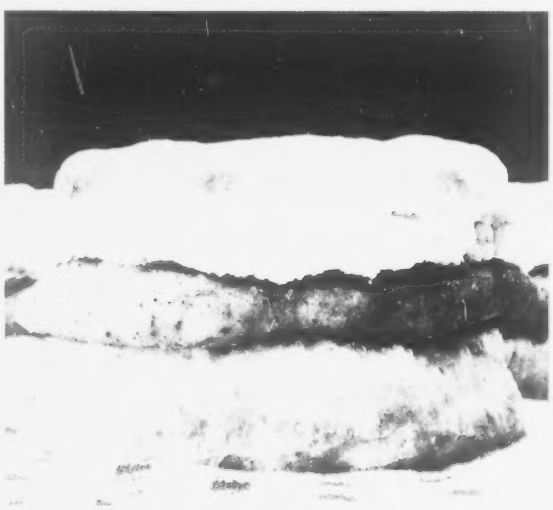
Low-fat, however, doesn't mean taste-free. Arby's dresses up its roast chicken club with traditional club accoutrements—bacon, mayonnaise, lettuce and tomatoes. International House of Pancakes offers patrons a choice of four grilled sandwiches, ranging from plain grilled chicken to a blue cheese-stuffed extravaganza. Customers prefer the plain sandwich, according to Steve Pettise, IHOP's vice president of marketing. Wood Co. lists a Cajun-spiced chicken sandwich and a grilled skinless breast of chicken served on a multigrain bun on its Grills & Frills menu.

Health concerns and outright pressure from some consumer groups have prompted restaurants to replace animal-vegetable shortening with pure vegetable shortening. Hardee's, Arby's, Jack In The Box and Carl's Jr. use vegetable oil for all frying. McDonald's fries everything except french fries in vegetable shortening. Taco Bell stopped frying in lard last year, and asked all suppliers to replace lard with corn oil in tortilla and bean recipes. Chili's, too, switched to vegetable oil last year. Red Onion uses canola oil (formerly called rapeseed oil) for preparation of Mexican entrees. TGI Friday's is testing use of olive oil and peanut oil in place of butter for sauteed dishes.

Institutional operations solicit customers for menu input as well. Fairfax County Public Schools test new menu items on students, who fill out evaluation forms in exchange for a free meal. Women students, who account for two-thirds of the participants in Michigan State University's foodservice program, persuaded the school to oven-bake, not fry, chicken and fish. Beverly Enterprises executives say they no longer offer trendy foods to nursing-home residents, whose eating habits are well-entrenched.

Several companies have made menu moves that play to the public's fascination with name brands. Subway's low-fat sandwiches are made with a retail brand of turkey-based cold cuts. Schlotzsky's makes its turkey sandwich with a popular brand of turkey. Yogurt chains, such as Bresler's and Everything Yogurt, have capitalized on brand awareness by replacing generic brands with their own brand of frozen yogurt.

Contractors, too, play the brand-name game. ARA Services offers Dunkin' Donuts, attractively displayed in mini cases, at B&I



Druthers' grilled chicken sandwich joins fried chicken sandwiches, burgers and packaged salads on the chain's menu.

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400: OVERVIEW

Operators grill chicken, pack salads to go and cook with "good" oils in deference to customers' wishes.

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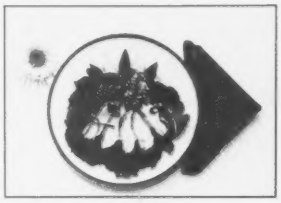
locations. Morrison's Custom Management and McDonald's are pitching hospital accounts together: Morrison for patient feeding and McDonald's for non-patient needs. "I think affiliations between contractors and high-recognition chains will be a strong trend in the near future," comments Neil Reyer, president of restaurant and travel management at New York's Chemical Bank. Foodservice operators without ties to commercial brands create their own: Wood Co. offers Grills & Frills and Stack's Deli to clients. The Navy has commissioned a club-management company to operate sports-theme bars on bases.

Takeout, perhaps the biggest trend of the '80s, keeps both commercial and institutional operators busy as they devise better ways to prepare and package food to go. Ira Hermann, new president of Columbus, Ohio-based Rax Restaurants, vows to get salads off the food bar and into a package suitable for drive-thru customers. (Packaged salads, featured last year as the "400" Product of the Year, continue to join menus. Burger King, Hardee's and International Blimpie rolled packaged salads systemwide in 1988.) The Marine Corps, in an innovative move, is testing canned white bread for field use.

On a selective basis, fast-food chains now enlist the service of fax machines to speed service and accommodate corporate customers. Burger King franchisees in Connecticut and McDonald's franchisees in Illinois report that most fax orders come in at lunch (of course), but account for a minimal percentage of business. The same data applies to credit-card payment, which is in various stages of test at McDonald's, Burger King, Wendy's and Arby's. Customers can use ATM cards at Carl's Jr.



Chicken scores with contractor clients: Seiler's Warm Chicken Salad recipe specifies margarine.

Full-service caters to the need for a quick meal not with takeout service, but with quick-service guarantees. Bennigan's offers to serve within 15 minutes after the order is placed. Bob Evans and Red Lobster also guarantee 15-minute service. Executives from several dinner-house chains say they are keeping an eye on takeout: Chili's has designed packaging emblazoned with its distinctive logo, but has yet to launch a takeout program.

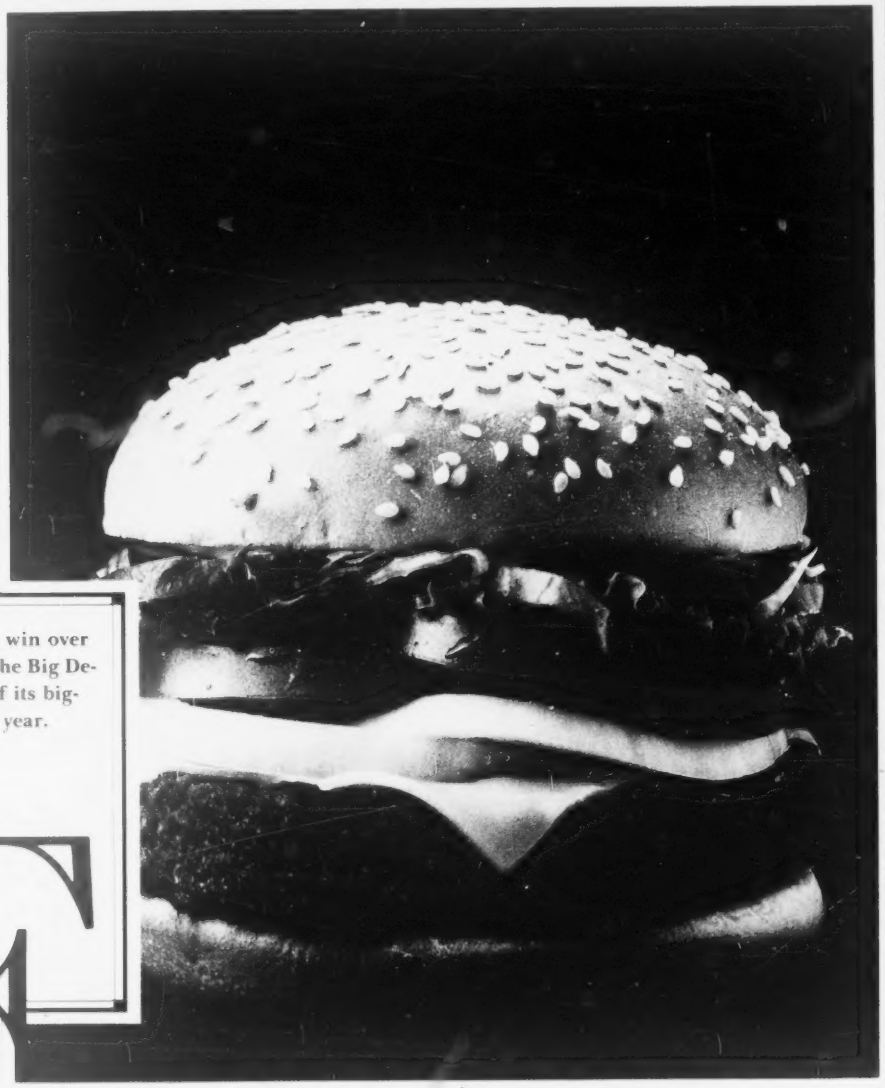
The appeal to customers' life styles is most apparent in the year's crop of advertising campaigns. Hoping to tap into the "family" trend, both Kentucky Fried Chicken and Bob Evans pitch homey images. (Burger King tried the same approach with "We Do It Like You Do It.") Hardee's tries to convince customers that it's doing it all for them with "We're Still Out to Win You Over."

Wendy's International, in its most recent marketing effort, quotes a study saying that Wendy's beats McDonald's two-to-one in customer taste tests. To make sure this preference continues, Wendy's founder David Thomas appears in television commercials, offering a money-back guarantee on Wendy's hamburgers. Pizza Hut has beefed up its "Makin' It Great" campaign with a long list of "Best Pizza" awards, including its first-place spot in *R&I's* 1989 Choice in Chains poll.

Competitive advertising, however, is hardly a thing of the past: Little Caesars pokes fun at pizza chains that don't offer two-for-one pizzas (are there any left?), and Arby's holds up famous fast-food icons in recent advertising campaigns. ***—Lisa Bertagnoli***

Bakers Square's pita sandwiches feature chicken, beef or pork stir-fried with vegetables.

400: BURGERS



Hardee's, still out to win over customers, featured the Big Deluxe burger in one of its biggest promotions last year.

FAST-FOOD MENUS OFFER FULL-SERVICE VARIETY

Burger menus grow: McDonald's boasts 40 choices, Hardee's expands breakfast, Burger King debuts packaged salads.

Since 1966—the year McDonald's added fish sandwiches to the menu—burger chains have diversified menus, proving to customers that quick-service restaurants can serve more than burgers without jeopardizing consistency and speed of service.

Today's top burger makers really are quick-service coffee shops, offering everything from full, hot breakfasts to late-night snacks. Hardee's breakfast menu is built on a 3½-inch homemade biscuit, studded with raisins or topped with scrambled eggs and breakfast meats. Jack In The Box is making a name for itself among adult fast-food fans with its line of finger foods. McDonald's, Burger King, Wendy's, Hardee's, Carl's Jr. and Druthers offer entree salads, long a staple at coffee shops.

Quick-service salads do one thing that coffee shop salads do not: They accommodate drive-thru customers, which now account for about 50% of all burger-chain transactions. As packaged salads replace salad bars in most chains (Wendy's continues to roll the Super-Bar), burger-chain menus are becoming completely portable.

Despite the emphasis on drive-thru patrons, burger chains take care of eat-in customers as well. Burger King's new British owners plan a complete remodeling and clean-up campaign for the chain's 850 company stores. Hardee's continues its two-year-old effort to lighten and brighten stores; 241 restaurants were remodeled in 1988, and another 150 are scheduled for facelifts this year. Arctic Circle, acquired by management from Quaker State last year, redesigned its building in an effort to seat people more comfortably and maximize drive-thru efficiency.

There remains, however, one anomaly in this year's list of "400" burger chains. In-N-Out Burger serves only burgers, fries, shakes and soft drinks—no salads or tacos—at its 53 restaurants in Southern California. The formula works: Sources say In-N-Out racks up higher unit volumes than McDonald's. But will a limited menu, in place since the first In-N-Out opened in 1948, survive in a full-menu world? In-N-Out executives won't say: They declined to be interviewed for this story.

McDONALD'S **$16,100MM**

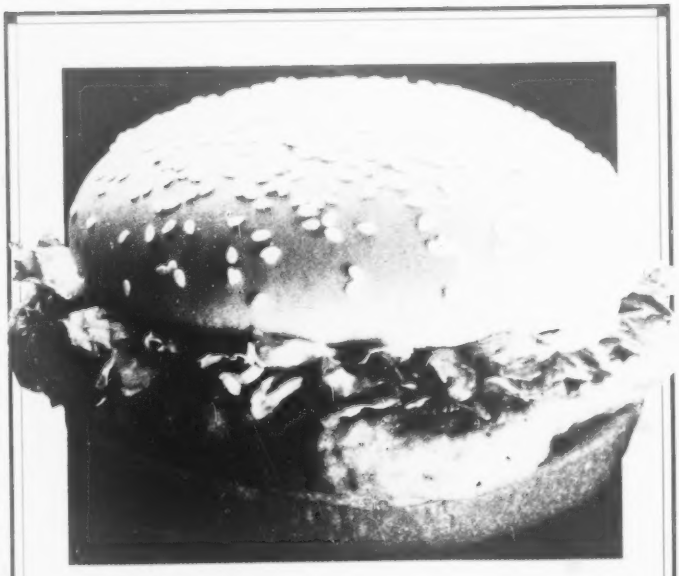
Country-style McChicken, deep-fried, served on a bun with lettuce and mayonnaise and priced at $2.69 in company stores, has hit the McDonald's menu after several years in test. McChicken is McDonald's first major product introduction since packaged salads were rolled out in 1987.

While the salad line-up remains the same—chef, garden, side, Chicken Oriental and shrimp in some markets—McDonald's has rolled out peppercorn, Caesar's and light French dressing to give customers a change of taste. New McNuggets sauces, such as an Italian marinara, are in the testing stages.

Pizza, one of the few popular foods McDonald's has yet to conquer, has been pulled out of test markets and is now back in the test kitchen. Also in test are celery and carrot sticks and a pure vegetable oil for french fries.

BURGER KING **$5,400MM**

Because of management changes, menu development at Burger King slowed during 1988. Four packaged salads—chicken



This spring, McDonald's introduced McChicken, its first major product rollout since packaged salads.

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400: BURGERS

Hardee's means biscuits: Raisin, chicken and sausage breakfast biscuits account for 30% of total sales.

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($2.69), chef ($2.69), garden ($1.89) and side (99 cents)—joined the menu early last year, and 1989's plans call for systemwide rollout of Burger Deluxe and Cheeseburger Deluxe.

Observers agree, however, that the chain needs operational changes more than new menu items, and that Grand Met seems headed in the right direction. New President and Chief Executive Barry Gibbons trimmed staff at Miami headquarters and announced a company-store cleanup plan, then brought on Gary Langstaff, head of marketing at Hardee's for three years, in mid-May.

Langstaff has assigned Burger King's $215 million advertising account to two new agencies in a move to separate the chain's image advertising from its product advertising. D'Arcy Masius Benton & Bowles will handle Burger King's image, leaving Saatchi & Saatchi new products and promotions.

HARDEE'S **$2,733.3MM**

Hardee's now offers chicken biscuits for breakfast. Executives say it is the only breakfast sandwich containing no red meat on any burger chain menu. And customers love breakfast at Hardee's to the tune of $900 million a year, or 30% of sales.

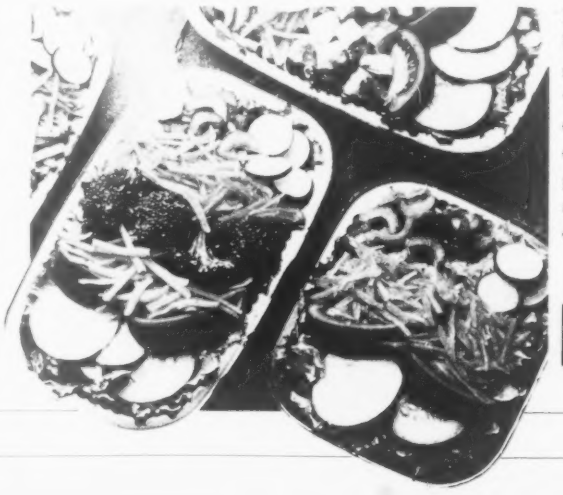
To back up its "We're Still Out to Win You Over" advertising campaign, Hardee's emphasizes snack foods. Chicken Stix—snack-sized morsels served with dipping sauce—soft-serve ice cream and packaged salads (both in limited markets for more than a year) joined the menu in 1988. The Big Deluxe, the chain's signature sandwich, was featured in a major promotion last year, as were California Raisin toys. Hardee's has switched to vegetable shortening for all fried foods.

Like McDonald's, Hardee's hopes for a slice of the pizza business, and is testing three varieties of pizza pockets. Fish chunks, all-beef hot dogs and grilled chicken sandwiches also are in test.

JACK IN THE BOX **$755MM**

Jack In The Box shows no signs of stopping the menu merry-go-round: Executives say they've rolled out 25 new menu items since 1980.

In 1988, taquitos—taco ingredients wrapped up tight in a taco shell and served with salsa-chicken fajita pitas, Mexican chicken salad and new versions of the chef's salad and taco salad joined the menu. The current best seller is the Grilled Chicken Fillet sandwich, rolled out in February.



Burger King debuts packaged salads in four varieties: roast chicken ($2.69), chef ($2.69), garden ($1.83) and side (99 cents).

LEADING BURGER COMPANIES

1 **McDONALD'S (1)**
Sales: $16,100MM
Units: 10,513

2 **BURGER KING (2)**
Sales: $5,400MM Units: 5,795

3 **WENDY'S INTL. (7)**
Sales: $2,902MM Units: 3,762

4 **HARDEE'S (8)**
Sales: $2,733.3MM*
Units: 3,100

5 **JACK IN THE BOX (31)**
Sales: $755MM Units: 961

6 **CARL'S JR. (45)**
Sales: $480MM Units: 477

7 **SONIC INDUSTRIES (62)**
Sales: $356MM Units: 980

8 **WHITE CASTLE (75)**
Sales: $282MM Units: 237

9 **WHATABURGER (76)**
Sales: $280.5MM*
Units: 415*

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Note: Numbers in parentheses indicate companies' "400" rankings. Sales figures are for the 1988 calendar or fiscal year; unit figures represent the number of units open as of 1/1/89. *R&I estimate; ** company est.; 1 commercial equivalent. © 1989 *Restaurants & Institutions*, a Cahners publication.

400: BURGERS

LEADING BURGER COMPANIES

10 **THE KRYSTAL CO. (118)**
Sales: $178MM Units: 252

11 **FUDDRUCKERS (141)**
Sales: $141MM Units: 117

12 **DRUTHERS INTERNATIONAL (172)**
Sales: $98MM Units: 151

13 **STEAK'N SHAKE (191)**
Sales: $82MM Units: 110

14 **ARCTIC CIRCLE (315)**
Sales: $39MM Units: 100

15 **JACK'S FOOD SYSTEMS (352)**
Sales:$32.5MM Units: 65

16 **IN-N-OUT BURGERS (368)**
Sales: $30MM* Units: 50

17 **BLAKE'S LOTABURGER (382)**
Sales: $28MM Units: 73

18 **BURGERVILLE U.S.A. (395)**
Sales: $25.9MM** Units: 29

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Jack In The Box has added 25 items to the menu since 1980: The most recent is a breakfast pita.

Jack In The Box's most recent menu addition, the Scrambled Egg Pocket, is a morning edition of its lunch and dinner pita sandwiches. The pockets, priced at $1.85, are stuffed with two scrambled eggs, bacon, ham and cheddar cheese, and join crescent sandwiches as the chain's breakfast mainstays.

CARL'S JR. **$480MM**

Stock analysts have proclaimed Carl's Jr.'s turnaround complete: Same-store sales were up 2% in February, 6% in March and 3% in April over the same months of 1988. New products and service ideas get credit for the jump in sales.

In 1988, the chain rolled out charbroiled chicken, chef, taco and garden salads, added guacamole bacon cheeseburger to the burger line and introduced Danish breakfast pastries and brownies to its bakery line. Barbecue roast beef and roast beef club sandwiches are in test, as are deep-fried burritos. Limited table service is offered at some restaurants: Customers place their orders at the counter, and a server brings their meals to the table.

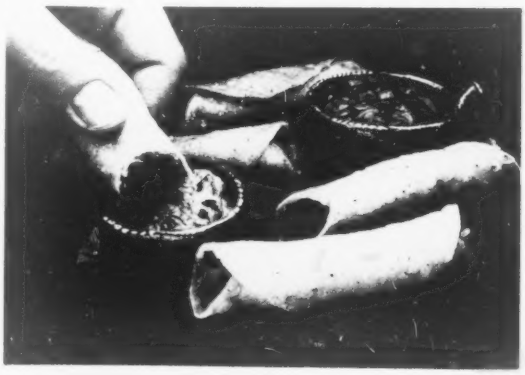
DRUTHERS **$98MM**

Druthers' Deluxe Quarter Burger remains the best seller, says Mike Kull, marketing director. Until Labor Day, Druthers will offer a Big Bucket Chicken Dinner ($9.99) packed in a reusable foam container. This year, the Louisville, Ky.-based chain plans to remodel 20% of its restaurants at a cost of $80,000 per restaurant.

ARCTIC CIRCLE **$39MM**

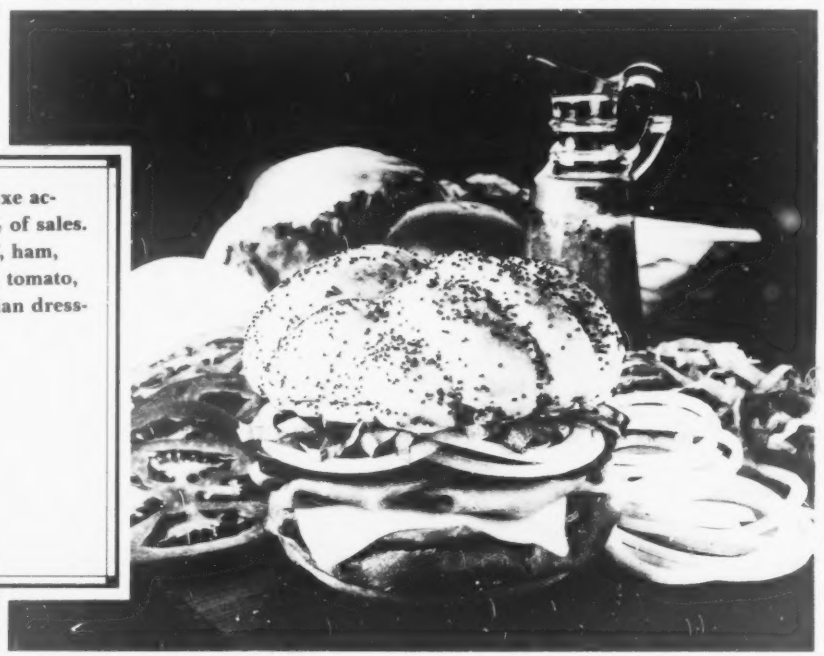
Arctic Circle executives, who orchestrated a leveraged buyout from parent company Quaker State last June, couldn't be more excited about the chain's future. "It's been eight years since we've seen growth of any kind," says Gary Roberts, chief executive. "We have every intention of correcting that."

To date, new management has: redesigned the Arctic Circle building to halve the number of seats and encourage takeout business; opened a store in North Ogden, Utah, in January; targeted Oregon, Idaho and Utah for expansion; and added Chicken Fajita Salad ($2.99), Country Fried Steak ($2.29), and Quarter Pound Deluxe burger ($2.49) to the menu. The chicken salad now accounts for 10% of sales. The best seller is the Ranch burger, Arctic Circle's signature item, with 14% of sales. —*L.B.*



Taquitos—rolled-up tacos served with salsa—joined chicken strips, egg rolls and shrimp on Jack In The Box's finger-foods menu.

400: SANDWICHES



Arby's new Sub Deluxe accounts for 7% to 12% of sales. It features roast beef, ham, Swiss cheese, lettuce, tomato, mayonnaise and Italian dressing on a round roll.

SANDWICHES FILL A FRESH MARKET NICHE

Holding its own with 6.3% of "400" fast-food sales, this segment is putting the emphasis on fresh *and* fast.

As sandwich chains vie for their share of the hamburger-dominated fast-food market, they are grateful for anything that helps define the sandwich segment, even if it comes from a direct competitor. "Frankly, we're happy about all the attention Subway has received," says John Wooley, president of Austin, Texas-based Schlotzsky's. "It's drawing attention to the sandwich segment as a whole, and that's good for us."

In the process of carving their niche, sandwich chains continue to set themselves apart with a variety of positioning ploys. Strategies range from the direct "Taste the Arby's difference" slogan to Schlotzsky's "There is life after fast food" campaign used to recruit young employees by pointing out that they don't have to deal with fried food preparation. The emphasis on fresh, light and healthful pervades the segment. International Blimpie has taken the stance to a new level by offering the Blimpie LITES line of sandwiches and salads, which are under 300 calories.

By their very nature, sandwiches are ideal for takeout, (off-premises dining sales increased 10% in 1988 alone), and sandwich chains are taking a second look at products and unit design to make them more accessible to the consumer on the go. Vie de France implemented the Fast & Fresh concept, Rax is shifting the emphasis from its lunch and dinner bars to concentrate on sandwiches, and several chains are stepping up sales of family packs and kids meals.

ARBY'S **$1.160MM**

The roast beef business is doing fine, if the figures Arby's generated last year are any indication. The Atlanta-based chain, in its 25th year, achieved sales growth of 18% for 1988, two and a half times the fast food industry average of 7%. Len Roberts, chief executive officer and president, cited successful product introductions as one of the major factors contributing to the record-setting sales.

One of the new menu additions,

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400: SANDWICHES

Identities emerge with points of difference: unique breads, specialty items and fuller menus.

LEADING SANDWICH COMPANIES

1 **ARBY'S INC. (19)**
Sales: $1,160MM Units: 2,049

2 **ROY ROGERS (36)**
Sales: $630.2MM* Units: 607

3 **SUBWAY (37)**
Sales: $600MM Units: 2,888

4 **RAX RESTAURANTS INC. (61)**
Sales: $366.7MM** Units: 521

5 **A&W RESTAURANTS INC. (124)**
Sales: $164.5MM Units: 530

6 **INTERNATIONAL BLIMPIE (160)**
Sales: $110MM** Units: 375

7 **WIENERSCHNITZEL (162)**
Sales: $107.6MM* Units: 274*

8 **TOGO'S EATERY (249)**
Sales: $55.5MM Units: 120
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Note: Numbers in parentheses indicate companies' "400" rankings. Sales figures are for the 1988 calendar or fiscal year; unit figures represent the number of units open as of 1/1/89. *R&I estimate; ** company est.; † commercial equivalent. © 1989 *Restaurants & Institutions*, a Cahners publication.

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the Sub Deluxe, averages 7% to 12% of restaurant sales, and went from test to the optional menu list this year. Chicken sandwiches have performed well throughout the segment, and Arby's Roast Chicken Club became an optional menu choice for franchisees and company-owned stores. A Reuben and a Corned Beef 'n Swiss sandwich are in currently in test.

In an attempt to capture growing drive-thru business, which accounts for 50% of fast-food sales (according to a company spokesman), Arby's introduced its Fresh Express Salad and Sandwich deal. Customers receive a regular roast beef sandwich and a choice of a pre-wrapped Chef, Cashew Chicken or Garden Salad for $1.99. The promotion will last through the summer.

RAX **$366.7MM**

A new president, new emphasis on sandwiches and new design for the lunch and dinner bars should help Columbus, Ohio-based Rax regain momentum after a dip in same-quarter profits and revenues at the end of 1988. Ira Hermann, former executive vice president and chief operating officer at Arby's, was appointed president of Rax this spring.

Hermann's experience will be called upon as Rax begins its new campaign, which switches the emphasis from the lunch and dinner bars to sandwiches. "We'll continue to market the bars," says Mike Link, vice president, product group, "but our product development efforts will be geared toward our core sandwich line in 1989." New sandwiches in test include a honey-cured ham with honey mustard, a turkey sandwich, featuring a brand-name turkey, chicken- and tuna-salad pocket sandwiches, and a king-size roast beef selection.

The lunch/dinner bars, which serve a mix of hot and cold items, including Mexican and Italian selections in addition to salad fixings, were a major sales producer (30%) for the chain in '87 and early '88. But they have stopped generating the growth the company is looking for, according to company spokespersons. In the hope of improving sales, the company is implementing a bar redesign, which includes a more streamlined look.

INTERNATIONAL BLIMPIE **$110MM**

An experiment is under way at New York-based International Blimpie. Research shows that 71% of the population occasionally diets, and as part of

continued on page 44

An array of sandwiches on Schlotzsky's signature bread, soups and salads provide a light alternative to standard fast food.

400: SANDWICHES

Sandwiches have a natural edge in a strong takeout market; brand names emphasize quality.

LEADING SANDWICH COMPANIES

9 CAROUSEL SNACK BARS OF MINNESOTA (262)
Sales: $52MM** Units: 290

10 SCHLOTZSKY'S SANDWICH RESTAURANT (263)
Sales: $52MM Units: 238

11 MAID-RITE PRODUCTS INC. (279)
Sales: $48.5MM Units: 148

12 JERRY'S SYSTEMS INC. (319)
Sales: $38MM** Units: 68

13 LEISERV INC. (334)
Sales: $35.1MM Units: 115

14 NATHAN'S FAMOUS INC. (342)
Sales: $35MM Units: 38

15 SANDWICH CHEF INC. (355)
Sales: $32.5MM Units: 172

16 SUB STATION II (394)
Sales: $26MM Units: 130

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a long-term effort to expand its menu, the sub-sandwich chain has created the new Blimpie LITES line to draw the health- and diet-conscious consumer into the fast-food setting.

"Rather than going the way of hamburgers, hot dogs, or fried foods, we're taking advantage of the niche we've established for fresh, healthy foods," says Anthony Conza, chief executive and president of the 375-unit chain. The new line includes salads—tuna, seafood and crab, chicken, turkey, and tova fish (a new seafood item with the consistency of tuna and a light flavor enhanced with garlic and herbs)—that are served alone or in pita pockets.

The line was introduced for test in Blimpie's 70 Georgia units (the chain's strongest market) in June.

CAROUSEL **$52MM**

A master franchise agreement signed in February '89 with A&W Restaurants, Livonia, Mich., gives Carousel the go-ahead to make and advertise the company's well-known root beer on premises. In the 20 units already converted under the A&W agreement, sales have increased by 19%. The Minneapolis hot dog chain plans to convert another 200 Carousel units over the next two years.

Carousel is implementing its own new motto as well. Positioning itself as America's Hot Dog Experts, the chain is currently developing a proprietary "flagship" hot dog item. At this time, best sellers include the Bacon Cheese Dog, the Western Style Dog with chili, onions and peppers, an Italian Style Pepperoni Dog, and Mini hot dogs that are popular with children.

SCHLOTZSKY'S **$52MM**

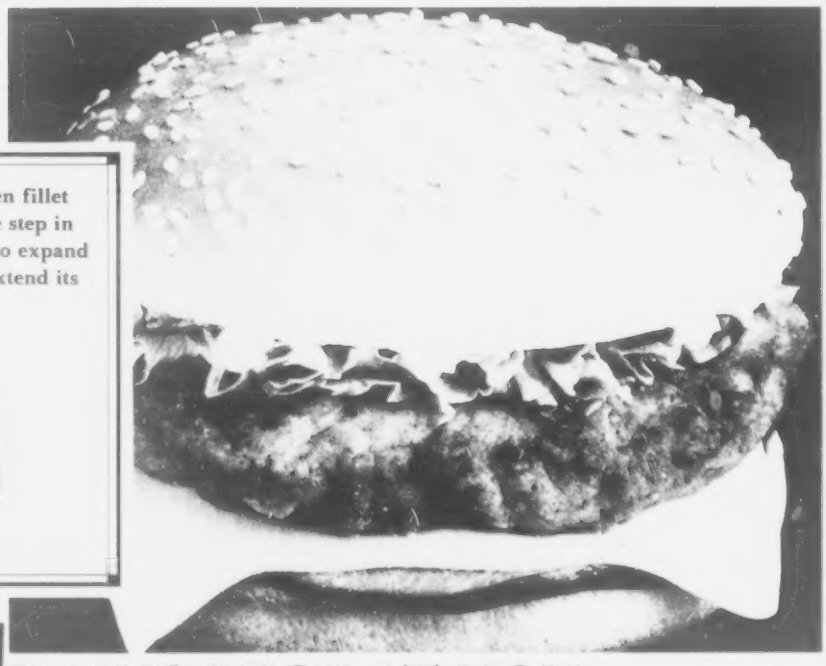
The creator of the "Original Sandwich" introduced several winners to its menu lineup in 1988. The Austin, Texas-based chain increased sales of its turkey sandwich ($3.09) from 8% to 16% of total by switching to (and advertising the use of) a well-known consumer brand of turkey. The Italian Sub was served hot and cold in test, and both styles performed well.

In contrast, a venture into pizza made on the chain's signature bread has not met sales expectations; the item is served in only 10% of the stores.

In what President John Wooley describes as "a natural expansion," Schlotzsky's is testing a line of takeout baked goods, including muffins, brownies and cookies to take advantage of the market. *—Beth Gotschall*

Carousel units will soon tout the A&W logo. The chain is licensed to make and serve the famous root beer and sales have increased 19% in converted units.

400: CHICKEN



KFC's full-size chicken fillet sandwich is one more step in the company's move to expand lunch business and extend its customer base.

CHAINS PECK AT NON-CHICKEN COMPETITORS

Chains add chicken sandwiches, grilled and roast chicken, and barbecued ribs to fight burger-chain invasion.

Chicken chains are working hard to keep their hold on the chicken market as they struggle to answer the question: What do chicken chains do when everyone else is serving their product? The solution many chains have tried is the chicken sandwich—a menu item that brings many chicken chains into the lunch business, head to head with non-chicken competitors.

Kentucky Fried Chicken has developed a full-sized chicken fillet sandwich. Last year, Kentucky Fried Chicken made its entree into lunch with Chicken Littles, 3-ounce sandwiches geared to a grazing crowd. While KFC saw this introduction as a method to expand its market, sales were disappointing.

The successful example of the El Pollo Loco chain's non-fried chicken menu, plus a perception that patrons want a low-fat chicken choice, has led many chicken chains to try roasted, grilled and baked chicken items. KFC, which has been testing of oven-roasted chicken for several years, is now testing a grilled chicken selection that is attracting new customers in the test units. Chick-fil-A is testing a salad topped with sliced chargrilled chicken, as well as a chargrilled chicken breast sandwich. Mrs. Winner's, which already has introduced successfully a baked chicken item, plans to put roast chicken in most stores by the end of the year.

Some chains are copying burger chains by diversifying their menus with non-chicken items. Grandy's and Mrs. Winner's already have expanded their menus to include a variety of items and are continuing menu expansion. Grandy's is testing fried catfish, and Mrs. Winner's is adding to its Southern Originals line of entrees. Both Lee's and Sisters have tested barbecue ribs with success.

In light of the recent acquisition of Church's by Popeyes, competition might become stiffer for struggling chains such as Bojangles' and Sisters. It is clear that without menu evolution, chicken chains will continue

400: CHICKEN

Chicken chains continue to add low-fat chicken items in an effort to expand their customer base.

LEADING CHICKEN COMPANIES

1 **KENTUCKY FRIED CHICKEN (3)**
Sales: $5,000MM Units: 7,761

2 **CHURCH'S CHICKEN INC. (41)**
Sales: $559.3MM Units: 1,481

3 **POPEYES FAMOUS FRIED CHICKEN (44)**
Sales: $485MM Units: 715

4 **CHICK-FIL-A (94)**
Sales: $232.9MM Units: 390

5 **GRANDY'S (115)**
Sales: $184MM Units: 206

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Note: Numbers in parentheses indicate companies' "400" rankings. Sales figures are for the 1988 calendar or fiscal year; unit figures represent the number of units open as of 1/1/89. *R&I* estimate; ** company est.; † commercial equivalent. © 1989 *Restaurants & Institutions*, a Cahners publication.

to suffer from the burger-chain invasion. The big chains are constantly expanding their menus and improving existing products. Many of the smaller chains rely on regional loyalty and specialty offerings.

KENTUCKY FRIED CHICKEN $5,000MM

KFC is expanding its menu to attract new customers and encourage current customers who want variety to patronize its restaurants more often. While testing of a roasted chicken was fairly successful, the company found that chargrilled chicken was an even better-received product. Tests of the lower-fat menu item so far has proven successful in attracting new customers, according to a spokesman. "We aren't so much adding menu items to keep our loyal customers, but to bring in those who don't eat fried foods and to encourage the current clientele to come in more often," says Gregg Reynolds, vice president of public affairs for KFC.

The top chicken chain continues to take a leadership role, making changes in a lunch program that has been slowly evolving for more than a decade. Now in development is a larger sandwich for patrons who want a full-sized sandwich. Chicken Littles, introduced last year, helped to change customers' perception of KFC as a restaurant primarily for dinner.

One major focus has been to streamline operations, and thus lower costs, through technological improvements. Computer-controlled fryers, which use less cooking oil than traditional units, were installed throughout the system.

POPEYES $485MM
CHURCH'S $559.3MM

Popeyes' strategy for combatting burger-chain invasion is to add seafood items. Although the company already has its own niche, emphasizing spicy Cajun chicken selections served with red beans and rice, the 1988 introduction of batter-fried crawfish served with salad serves to define Popeyes' ethnic image even more. The crawfish platter is selling very well in the Southern markets. This year's new seafood item is a butterflied shrimp platter.

Popeyes also differentiates itself from other fast-food chicken chains by heavily promoting its higher-priced items and encouraging customers to eat in. Now, with Church's in the Copeland family, menus from the two chains are likely to blur. For example, one of the first changes made on Church's menu may be a change from

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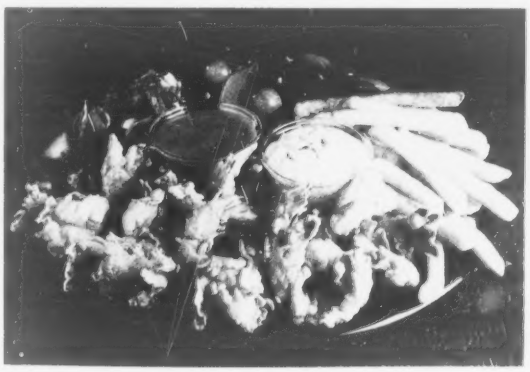

Popeyes' introduction of seafood entrees helps distinguish it from other chicken chains.

400: CHICKEN

Companies are searching for unique niches to prevent menu blur among competing chicken chains.

LEADING CHICKEN COMPANIES

6 **LEE'S FAMOUS RECIPE CHICKEN (139)**
Sales: $142.4MM Units: 282

7 **EL POLLO LOCO (154)**
Sales: $124MM Units: 160

8 **BROWN'S CHICKEN (163)**
Sales: $105MM Units: 158

9 **BOJANGLES' CORP. (167)**
Sales: $102MM** Units: 61

10 **MRS. WINNER'S CHICKEN (202)**
Sales: $78.1MM* Units: 169

11 **PIONEER TAKE OUT CORP. (231)**
Sales: $65MM Units: 202

12 **SISTERS CHICKEN & BISCUITS (292)**
Sales: $44MM Units: 58

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rolls to biscuits. Owner Al Copeland is taking a personal hand in revamping Church's menu to make its product quality more consistent.

Popeyes' focus on monthly event-oriented promotions might also become part of Church's new marketing strategy, which before the takeover consisted mostly of couponing.

CHICK-FIL-A **$232.9MM**

Chick-fil-A always has had a different profile than other chicken chains. Since the majority of the company's units are in malls, its main competition is not other chicken restaurants, but other mall restaurants. Unlike other chains, which serve mostly bone-in chicken, Chick-fil-A started with a boneless chicken-fillet sandwich geared to a lunch crowd.

Chick-fil-A's two new menu items, scheduled for full rollout by midsummer, are both lower-fat products. A chargrilled chicken sandwich, served with tomatoes and lettuce on a plain bun, and a chargrilled chicken garden salad—sliced grilled chicken served over lettuce, tomatoes, celery and carrots, are targeted at customers desiring lighter entrees.

Chick-fil-A is one of the only chicken chains in the breakfast business, selling chicken biscuits and cinnamon rolls. Signature items, which include Waffle Potato Fries, freshly squeezed lemonade and lemon pie for dessert, also help to give this chain its unique identity.

The development of free-standing restaurants outside its traditional mall setting is a big growth vehicle for the company. In 1988 the tenth free-standing restaurant was opened in Atlanta. The first free-standing restaurant outside of the Atlanta market, in Birmingham, Ala., is planned for 1989.

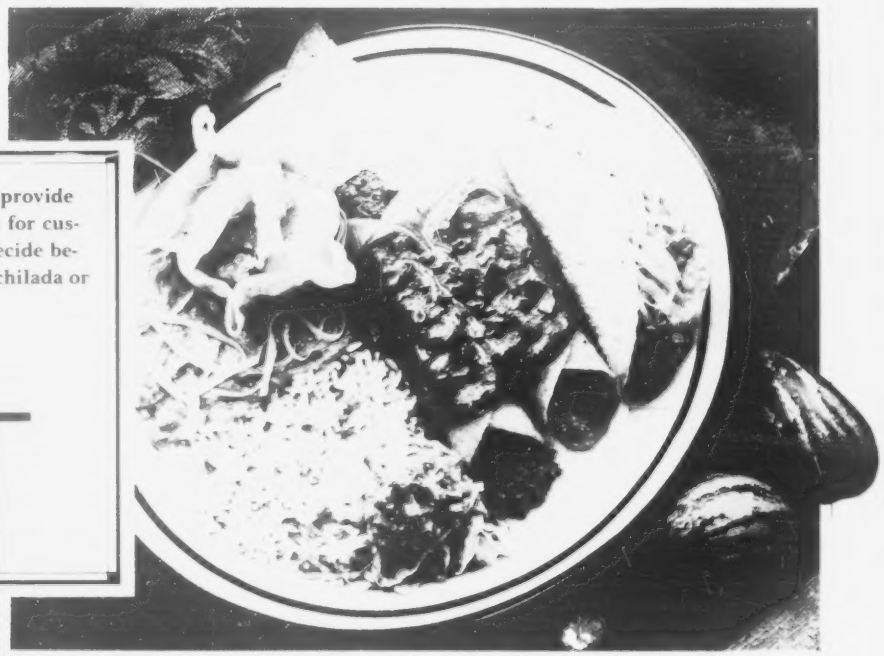
LEE'S FAMOUS RECIPE **$142.4MM**

In 1988, Lee's took a step out of the chicken arena and introduced barbecued ribs in Montgomery, Ala., and Jacksonville, Fla. This year, the company plans to offer ribs in the remaining company markets. The ribs could be another example of foresight—Lee's also struck early four years ago when it realized the potential of a non-fried chicken alternative and introduced a roasted chicken product.

Drive-thru windows, which are new for the company, and a new "farmhouse" building design are part of an image update in progress at Lee's. Seventy percent of units have been redesigned, and the goal is to reach 75% by the end of 1989. —***Nancy Backas***

Lee's tested barbecued ribs in an attempt to diversify its menu.

400: MEXICAN



Platter combinations provide grazing opportunities for customers who cannot decide between ordering an enchilada or a tostada.

HOT MEXICAN MARKET SPARKS CLEVER TACTICS

Chains, for instance, rename old favorites to create signature items and build brand awareness.

To restaurant patrons not familiar with Mexican food, the first few visits to a Mexican restaurant can be a little confusing, and justifiably so. Ingredients and preparation methods of tacos, tostadas, burritos and enchiladas vary only slightly. Mexican chains, both full-service and quick-service, are trying to solve this problem—and create brand identification—by making up their own names for Mexican staples.

Chi-Chi's, for instance, offers Chajitas—sizzling steak or chicken wrapped up in tortillas—better known as fajitas. El Torito calls them Tachitas. Two Pesos offers customers a Peso Queso, a cross between a *quesadilla* and a stuffed Mexican pepper. Garcia's goes one step further with a regional angle, calling its entire menu "Sonorian" after Mexico's state of Sonora. Chain executives say they hope combination platters will help allay customer confusion. Instead of having to decide between burritos and tostadas, customers can order one entree that includes both.

On other menu fronts, Mexican chains are turning attention away from entrees and toward side dishes and salads. Mexican rice, prepared in a savory broth and mixed with an assortment of vegetables, joined the menu at Taco Bueno and is in test at Taco John's. Fajita salads, a variation of fajitas, last year's hottest new Mexican menu item, debuted at Taco Time and Taco Bueno, and Garcia's is testing a chicken fajita salad. Acapulco Restaurants President Phil Ratner reports a growing interest in both salads and seafood. Indeed, seafood has replaced chicken as the hot new filling for entrees. Casa Ole is pushing seafood chimichangas, and Two Pesos offers shrimp fajitas.

TACO BELL **$1,650MM**

Taco Bell's major priority is to make Mexican fast food more visible and to enhance its image within local communities, particularly in the Midwest and Southeast, where Mexican food has not gained widespread

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400: MEXICAN

Seafood chimichangas and shrimp fajitas are part of the Mexican segment's interest in lighter fare.

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appeal. One way to do that is via new products and product promotions, for example, the chain's long-running 49-cent taco promotion. Taco Bell's best-selling item remains the hard-shell taco, more than two million of which are sold every day.

This past year, Taco Bell debuted chicken fajitas and the Mexi Melt, its own version of a *quesadilla*, and substituted corn oil for lard in all recipes.

CHI-CHI'S **$422.9MM**

Chi-Chi's, now under the umbrella of San Diego-based Foodmaker, has stepped up efforts to develop and deliver an even higher quality product than previously. Current best sellers are the special dinners and "Chajitas," Chi-Chi's name for fajitas. Last year, Chi-Chi's introduced a buffet and a line of luncheon specials.

EL TORITO **$390MM**

The winning items continue to be chicken and shrimp fajitas, as well as fajita combination plates. Last year, the chain introduced a line of Southwestern-flavored menu items that include blue-corn tortillas, enchiladas, and Tachitas, El Torito's name for fajitas. The company is offering a special seasonal menu this summer.

El Torito operates 15 different restaurant concepts, including 25 Casa Gallardos and 14 Casa Marias. The menu in all stores basically is the same. Some items, for instance, steak fajitas, sell better on the East Coast, says El Torito President Mike Casey.

DEL TACO **$226.9MM**

Since the merger of Del Taco and Naugles last year, the company has made menu changes that blend the best of both chains. Del Taco has increased the portions and added fresh guacamole to Naugles' original salad line. The company also changed the recipes of Naugles' burritos and increased the portion sizes. Among last year's successful menu introductions was a variety of *quesadillas*, including cheese, steak, and chicken.

TACO JOHN INTERNATIONAL **$116MM**

Hard- and soft-shell tacos account for the bulk of Taco John's sales. However, one of the company's top priorities is expanding its new line of chicken entrees, which now includes soft- and hard-shell chicken tacos, chicken burritos smothered with green-chili sauce and chicken taco salads. Currently in test are Mexican-style rice and a dinner program.

LEADING MEXICAN COMPANIES

1. **TACO BELL (12)**
   Sales: $1,630MM Units: 2,390
2. **CHI-CHI'S INC. (51)**
   Sales: $422.9MM Units: 192
3. **EL TORITO (53)**
   Sales: $390MM Units: 179
4. **DEL TACO (96)**
   Sales: $226.9MM* Units: 370
5. **TACO JOHN INTERNATIONAL (157)**
   Sales: $116MM Units: 439
6. **EL CHICO (159)**
   Sales: $110MM Units: 98
7. **TACO TIME (187)**
   Sales: $85MM Units: 292
8. **TACO VILLA (197)**
   Sales: 80.3MM Units: 147
9. **TACO BUENO (210)**
   Sales: $74MM* Units: 120

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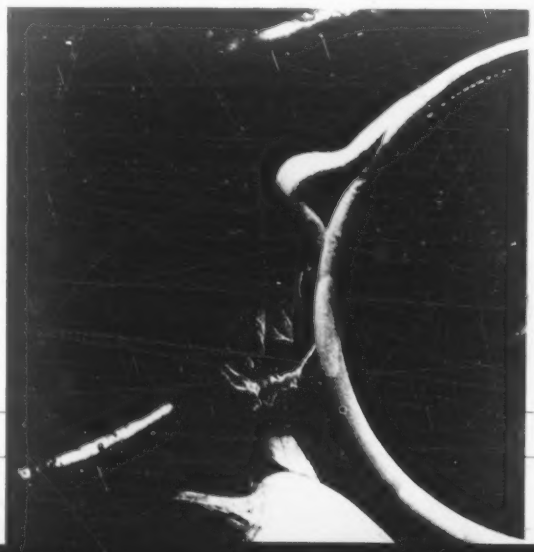

Acapulco Restaurants' steak fajitas are the chain's best sellers: Many chains are expanding their fajita lines to incude chicken, seafood and fajita salads.

400: MEXICAN

Last year's chicken and beef fajitas have become this year's newest Mexican salads.

LEADING MEXICAN COMPANIES

10 **GARCIA' S MEXICAN RESTAURANTS (227)**
Sales: $67MM Units: 44

11 **ACAPULCO MEXICAN RESTAURANTS (232)**
Sales: $64MM Units: 41

12 **PANCHO'S MEXICAN BUFFET (234)**
Sales: $61.9MM Units: 65

13 **RED ONION (288)**
Sales: $45MM Units: 13

14 **TWO PESOS MEXICAN CAFES (304)**
Sales: $40.3MM Units: 30

15 **CARLOS MURPHY'S (317)**
Sales: $39MM Units: 19

16 **CASA OLÉ (329)**
Sales: $37MM Units: 35

17 **TACO TICO (331)**
Sales: $36MM Units: 115

18 **PEPE'S INC. (378)**
Sales: $28MM Units: 65

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TACO BUENO **$74MM**

While tacos and burritos still represent 15% to 20% of sales, other menu items are expected to make a major impact before long. A line of combination platters, for instance, has been reformulated to include Mexican rice as a regular side dish alongside beans and guacamole. Chicken fajita salads and chicken fajita nachos also debuted this year.

GARCIA'S **$67MM**

The Arizona chain's "Sonoran" cuisine includes its top sellers, fajitas and *pollo fundido*—seasoned chicken topped with melted Jack cheese, folded into a tortilla and deep fried. About to debut is a seafood *fundido* with crab, shrimp, seafood and cream cheese.

Another big hit: *quesadilla* with jalapeño-flavored cheese, spinach, onions, and tomatoes. Currently in test are fajita salads, grilled-chicken salads, and a number of combination platters (because they account for 20% of sales).

ACAPULCO RESTAURANTS **$64MM**

Fajitas are the runaway favorites at Acapulco. However, the chain definitely is looking into lighter fare. Recent additions to the company's dessert line include a cherry burrito and a lemon-and-lime-flavored "Squeeze Cake," named for the squeeze of lime juice that tops it.

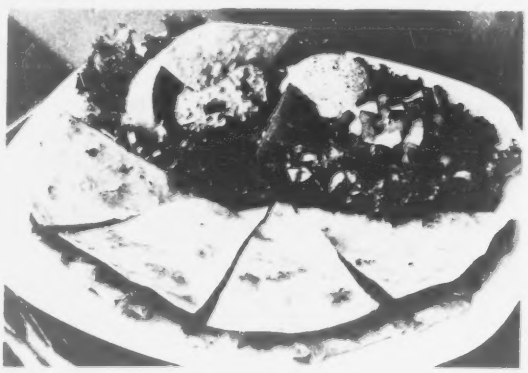
Acapulco also is moving toward more authenticity in the beverage area. For example, the chain is switching to margaritas on the rocks, which it says are more Mexican than sweet, blended margaritas.

RED ONION **$45MM**

This summer, Red Onion is offering customers a new menu that highlights foods from all over Mexico. The chain now uses canola oil for cooking and frying, in keeping with the trend toward more healthful eating habits. Among new appetizer offerings are the *quesadilla* natural, made with wholewheat tortilla and grilled vegetables, and a Great Mexican Sampler.

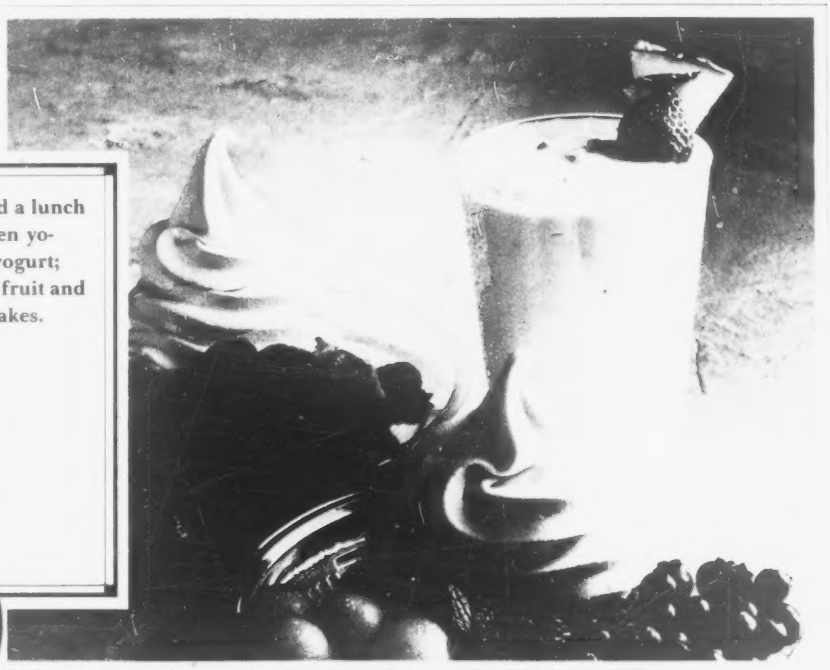
Other brand-new items include a black-bean soup, a Mexican Club and a Fajita Philly sandwich made with steak or chicken, peppers, onion rings, tomato, melted Cheddar cheese and tomato. Also new is a triple enchilada plate consisting of one spinach, one cheese and one chicken enchilada; a plate that combines several miniature tacos and an enchilada; and taco combination platters.

—Barbara Magan Dawson



***Quesadillas*, crisp tortillas filled with melted cheese, are a favorite among Taco Bueno's patrons.**

400: SWEETS



Häagen-Dazs launched a lunch program with its frozen yogurt: fresh fruit and yogurt; Belgian waffles, fresh fruit and yogurt; and yogurt shakes.

SWEET SUCCESS COMES WITH VARIED MENU

New low-fat and no-fat frozen desserts, oat-bran products and non-sweet menu additions help chains stay on top.

America definitely has a sweet tooth. Premium ice cream stores and cinnamon-bun chains, in particular, are reaping the rewards of a sugar-hungry population. But while people still clamor for sweet foods, they do not necessarily want them to be high in fat. This creates a perfect scenario for the introduction of low-fat yogurt products and a whole variety of baked oat products.

The light frozen dairy dessert category is growing rapidly. This year, five chains added or tested a low-fat or no-fat product. The premium of premium ice cream chains, Häagen-Dazs, added a gourmet frozen-yogurt line in 1988. The company launched a new lunch program featuring fresh fruit combinations with low-fat yogurt in March to tap even further into low-fat yogurt potential.

Other chains also have added a low-fat yogurt. Des Plaines, Ill.-based Bresler's added a light yogurt, as did Carvel Corp. Two yogurt chains, I Can't Believe It's Yogurt and TCBY, added non-fat yogurt products. Baskin-Robbins recently introduced a sugar-free frozen dairy dessert called Low, Lite 'n Luscious.

Cookie, doughnut and cinnamon-bun chains are finding it hard to keep sales up with only one product. With the recent oat-bran mania, some chains added a baked oat product. Both Dunkin' Donuts and Mister Donut added oat-bran muffins. Mrs. Fields' President Randy Fields has a special affinity for oat products and added a whole line of oat-bran treats baked ready to eat in both the cookie stores and in the La Petite Boulangerie bakeries. The line includes a muffin, bagel, dinner roll, bread loaf and a cookie.

Some chains have expanded offerings outside the sweets arena. Braum Ice Cream Stores and Fosters Freeze both added pre-made salads. Fosters Freeze also added sandwiches.

Everything Yogurt is the leader in marketing itself as more than a yogurt chain. The menu includes salads, sandwiches and quiche in addi-

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400: SWEETS

The light frozen dairy dessert category has grown from 12% of new products to 25% in just two years.

LEADING SWEETS COMPANIES

1 **DAIRY QUEEN (11)**
Sales: $2,067MM Units: 5,122

2 **DUNKIN' DONUTS (28)**
Sales: $777.8MM Units: 1,767

3 **BASKIN-ROBBINS ICE CREAM (35)**
Sales: $692.7MM Units: 3,386

4 **CARVEL (88)**
Sales: $243.8MM* Units: 750

5 **MISTER DONUT (98)**
Sales: $226MM Units: 780

6 **TCBY (103)**
Sales: $210MM Units: 1,175

7 **MRS. FIELDS' COOKIES (126)**
Sales: $160MM Units: 650

8 **TASTEE FREEZ (133)**
Sales: $151.2MM Units: 512

9 **WINCHELL'S DONUT HOUSE (137)**
Sales: $144MM Units: 668

10 **BRAUM ICE CREAM AND DAIRY STORES (145)**
Sales: $134.9MM* Units: 215

11 **ORANGE JULIUS (153)**
Sales: $125MM Units: 709
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tion to low-fat and non-fat yogurt. Last year, a new brown-rice entree with vegetables was also added.

Super-sweet and high-butterfat products are hardly on the way out, and succeeding best in this arena are the super-premium and novelty products. Haagen-Dazs is adding a super-premium soft ice cream and four new "Deep Chocolate" flavors; Dunkin' Donuts is adding Dunkin's Dippers, cinnamon rolls and chunky cookies; and L.J. Cinnamons is testing apple-almond rolls and "Cinnastrudel."

DUNKIN' DONUTS **$777.8MM**

The top doughnut chain is experiencing much slower growth than in the recent past. Introduction of new products, opening of kitchenless satellite stores and selling in 7-Eleven stores are three attempts to pump up more business. Another move will expand the Dunkin' Donuts name without spending a penny: The company recently granted Ralston Purina license to manufacture Dunkin' Donuts cereal—three shapes—doughnuts, doughnut holes and twists—in a cereal box featuring Fred the Baker, star of the chain's TV commercials.

Two new products, oat-bran muffins and orange juice, are geared to a more health-conscious crowd. The company is now testing Dunkin' Dippers, crescent-shaped doughnuts that come with six flavored dipping sauces, including old-fashioned strawberry, apple cinnamon and mandarin orange.

The company also is testing cinnamon rolls and Dunkin' Chunks cookies.

BASKIN-ROBBINS ICE CREAM **$692.7MM**

Sundae bars—premium ice cream double-dipped in chocolate—were a hit for Baskin-Robbins in 1988. Non-fat yogurt and soft-serve sorbet also proved successful introductions for customers seeking lighter choices.

The latest systemwide rollout attracts not only the fitness crowd, but also diabetics. Low, Lite and Luscious, introduced in April, is sweetened with aspartame and is 97% fat-free. The new sugar-free frozen dairy dessert is available in three flavors: Jamoca Swiss Almond, Chocolate Chip and Strawberry, and more flavors are on the way.

TCBY **$210MM**

While TCBY's mainstay is frozen yogurt, the company has been creative in coming up with new products that expand its menu without adding a whole new category.

TCBY added two new flavors, straw-

I Can't Believe It's Yogurt added gourmet frozen-yogurt pies to expand its product line.

400: SWEETS

Super-premium novelty products such as ice cream bars expand many chains' visibility.

LEADING SWEETS COMPANIES

12 FOSTERS FREEZE (173)
Sales: $95MM Units: 200

13 HAAGEN-DAZS (220)
Sales: $69MM** Units: 315

14 GREAT AMERICAN CHOCOLATE CHIP COOKIES (239)
Sales: $60MM* Units: 300**

15 DAVID'S COOKIES (250)
Sales: 55.5MM* Units: 375*

16 T.J. CINNAMONS (269)
Sales: $51MM Units: 229

17 ORIGINAL COOKIE CO. (276)
Sales: $50MM Units: 248

18 HOT SAM PRETZELS (298)
Sales: $42MM Units: 300

19 I CAN'T BELIEVE IT'S YOGURT (308)
Sales: $40MM Units: 228

20 BRESLER'S (318)
Sales: $38MM** Units: 340

21 PENGUIN'S FROZEN YOGURT (320)
Sales: $38MM Units: 125

22 CINNABON (400)
Sales: $25MM Units: 100

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berry and cinnamon, to its signature waffle-cone line. Topping-bar offerings were expanded to include new items such as crumbled cobbler and crumbled brownies. The line of Winter Warmer products, introduced last year, had three new entries—Hot Fudge Brownie Sundae, a Bananas Foster Sundae and a Hot Belgian Waffle Sundae—for the 1988-1989 winter.

A new non-fat frozen-yogurt line, called Shiver, was added. The six flavors, including macadamia nut and strawberry, were introduced in January after several months in research-and-development labs. Shiver will be available in all company-owned stores and will be an option for franchisees. TCBY is currently testing frozen yogurt cakes.

HAAGEN-DAZS **$69MM**

Häagen-Dazs led the way in innovations last year. The gourmet frozen-yogurt line now accounts for 12% to 15% of sales in many markets, especially on the West Coast. The company launched a lunch program that includes seasonal fresh fruit and yogurt plates, Belgian waffles with fresh fruit and yogurt, and yogurt fruit shakes. (To avoid confusion with its premium ice cream, the yogurt does not carry the Häagen-Dazs logo.)

Häagen-Dazs also will roll out soft premium ice cream in 20 stores. It is touted as the first luxury soft ice cream with 16% butterfat in two flavors, vanilla and Belgian Chocolate. The opening of separate ice cream shops that serve only premium soft ice cream also is planned.

Other additions in 1988 included four new Deep Chocolate flavors, and decorated ice cream cakes and pies in coffee-chip, chocolate-mint and raspberry-cream swirl flavors.

New Häagen-Dazs Snack Bars, a candy bar-size novelty ice cream bar, were introduced in the spring. The bars, which come in four flavors, Deep Chocolate Peanut Butter Ice Cream, Deep Chocolate Fudge Ice Cream, Vanilla Ice Cream with Milk Chocolate, and Vanilla Ice Cream with Semi-Sweet Chocolate, extend the company's grocery and convenience store line.

Participating ice cream shops will feature "create your own" snack bars along the same lines as the bars sold in groceries and convenience stores. The difference is that patrons will be allowed to choose toppings such as a glaze of caramel sauce or chopped fruits and candies. —*N.B.*

Cinnabon introduced smaller cinnamon buns in an effort to appeal to a wider clientele.

400: SEAFOOD

Shrimp remains the most popular item served in seafood restaurants today, and Red Lobster cashed in for eight weeks in late 1988 by promoting its "Shrimp Spectacular."

SEAWORTHY SEGMENT FRESHENS UP ITS ACT

Fresh fish entrees continue to grow in popularity, as operators benefit from consumers' interest in nutrition.

Expansion of aquaculture products, concerns about seafood safety concerns and demand for nutritious items on menus have led to a number of noteworthy developments in the seafood segment.

Because of the boom in aquaculture products such as shrimp, catfish, trout, salmon, mussels, clams and oysters, operators are broadening their menus to include items that previously were unaffordable.

Major media stories focusing on seafood safety and quality are affecting the marketplace as well. Operators are paying more attention to where their products are coming from, and must make sure their suppliers are quality conscious.

Cahners Bureau of Foodservice Research reports that between 1987 and 1988, consumer preference for broiled seafood rose 34%. And chefs continue to stress lighter preparation techniques such as grilling.

In August, the National Fish and Seafood Promotional Council program will debut a 16-month, $6-million consumer-magazine and television advertising program. The message to consumers, based on health convenience and taste, is simple: Eat fish and seafood twice a week.

RED LOBSTER U.S.A **$1,300MM**

Nothing flashy is in the works for the industry's largest seafood chain, just concentration on service, product quality and value.

While shrimp, crab and lobster continue as menu mainstays, Red Lobster customers are increasing their consumption of fresh fish.

The introduction of Sizzlin' Shrimp and Grilled Shrimp at lunch has been well received. Red Lobster also claims to be the first chain to promote Dungeness crabs. "The Great Crab Harvest" was the most successful fall promotion that the chain has had in four years because it provided consumers with excellent price value.

LONG JOHN SILVER'S **$765.3MM**

Because of the introduction of a less expensive Alaskan whiting fish prod-

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400: SEAFOOD

The success of Red Lobster's "Great Crab Harvest" hinged on consumers' price-value perception.

LEADING SEAFOOD COMPANIES

1 **RED LOBSTER (16)**
Sales: $1,300MM Units: 512

2 **LONG JOHN SILVER'S SEAFOOD SHOPPES (30)**
Sales: $765.3MM Units: 1,478

3 **CAPTAIN D'S (57)**
Sales: $374.3MM Units: 588

4 **PARAGON SPECIALTY RESTAURANTS (119)**
Sales: $177MM Units: 85

5 **SKIPPER'S INC. (176)**
Sales: $93MM Units: 214

6 **TRANS/PACIFIC RESTAURANTS INC. (182)**
Sales: $90MM Units: 54

7 **C.A. MUER CORP. (224)**
Sales: $68MM Units: 19

8 **RUSTY PELICAN (244)**
Sales: $58MM Units: 21
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Note: Numbers in parentheses indicate companies' "400" rankings. Sales figures are for the 1988 calendar or fiscal year; unit figures represent the number of units open as of 1/1/89. **R&I estimate; ** company est.; † commercial equivalent.* © 1989 *Restaurants & Institutions*, a Cahners publication.

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duct in March. Long John Silver's has been able to increase portion size, improve perceived price-value relationship and build customer counts. Long John Silver's new non-fried "Homestyle Fish" entree is exceeding sales expectations, and its sales rival those of best-selling products such as the seafood platter, which is deep-fried in vegetable oil.

Bob McDevitt, senior vice president of marketing, says the chain plans to make a big deal of its 20th anniversary this summer. Part of this marketing will involve Long John Silver's sponsorship of Turner Entertainment's remake of the movie, "Treasure Island." To promote the movie and the chain's anniversary, Long John Silver's is sponsoring a whistle stop maritime tour on the original three-masted schooner, the Bounty. The tour will kick off in July in Boston and make numerous promotional port stops as it heads toward the Great Lakes.

SKIPPER'S INC. $93MM

The West Coast's largest fast-service seafood chain has introduced a thicker cut of cod at a higher price.

A limited-time salmon promotion entitled "Manager's Special" has helped build sales. Three different salmon combinations include the "Seafood Harvest," which combines fish fillet, shrimp, clam strips and salmon fillet strips with french fries and coleslaw. The chain also is building sales with a combination using scallops.

"Lite Meals," a small green salad with chicken and/or fish, has been testing with success in several markets.

TRANS PACIFIC RESTAURANTS $90MM

One of this company's concepts, Monterey Bay Canners, added prime rib to its menu starting this past holiday season to add diversification and complement its shellfish offerings.

The Monterey Bay Canners menu design, complete with commissioned watercolor illustrations, has been altered to emphasize what has become the chain's best seller—fresh fish. Anywhere from 12 to 20 fresh species are made available on the center panel.

While mesquite grilling is still the most popular preparation technique, deep-frying, sauteeing and grilling have been added. Among items prepared in an alternative way, deep-fried shrimp is going over very well.

LEGAL SEA FOODS $53MM

Maintaining precise procedures to assure quality is top of mind with owner

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Long John Silver's new Homestyle fish entree has exceeded sales expectations, rivaling sales of the chain's best-selling products.

400: SEAFOOD

Phillips Seafood Restaurants has added a daily flier to its menu to encourage patrons to experiment.

LEADING SEAFOOD COMPANIES

9 SEA GALLEY STORES INC. (261)
Sales: $52MM Units: 45

10 LEGAL SEA FOODS INC. (265)
Sales: $52MM Units: 6

11 L&N SEAFOOD GRILL (310)
Sales: $40MM Units: 20

12 PHILLIPS SEAFOOD RESTAURANTS (311)
Sales: $39.8MM Units: 7

13 ARTHUR TREACHER'S INC. (335)
Sales: $35MM** Units: 94

14 THE ORIGINAL SEAFOOD SHANTYS (340)
Sales: $35MM Units: 13

15 RUSTY SCUPPER (357)
Sales: $32.4MM* Units: 18

16 WEATHERVANE SEAFOOD RESTAURANTS (397)
Sales: $25.6MM Units: 14

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George Berkowitz. He plans to promote the fact that a certified sanitarian is part of the kitchen staff.

Also, the lunch menu was expanded and now includes a new crabcake recipe, curried seafood, and a hot and spicy shrimp *fra diavolo* with a thick tomato sauce. Cajun and blackened entrees also remain popular. Swordfish, tuna and clam pizzas are now available, as is a seafood entree wrapped and cooked in parchment.

A fish and vegetable entree steamed and opened at the table will be added to the menu this year.

PHILLIPS **$39.8MM**

Phillips is moving away from its crab tradition and is promoting more fish entrees, as can be seen in a menu shift that moves fish to the top. Successful menu items added by the Ocean City, Md.-based company include a fillet of flounder, as well as blackened and broiled items such as swordfish, tuna and snapper.

A daily flier of specials has been attached to the menu to attract patrons' attention and encourage them to experiment with new species.

ARTHUR TREACHER'S **$35MM**

The chicken tenderloin sandwich added to the menu in 1988 has turned into a strong seller. A baked-chicken sandwich and a seafood salad are scheduled for rollout this year.

A promotion touting crisp, breaded fish has helped the chain generate a 6% increase in customer counts. Sales of the product continue to hold up.

Five new units were scheduled to open this spring. New mall units take on a modern look with marble, neon signs and ceramic tiles.

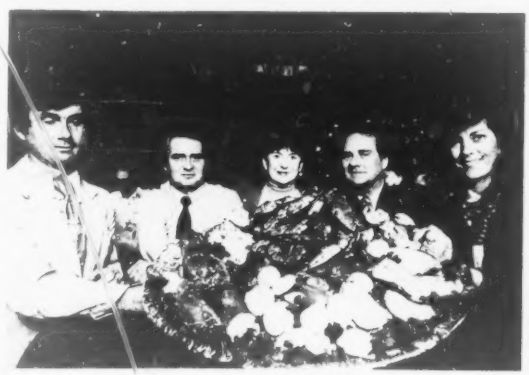
RUSTY SCUPPER **$32.4MM**

Since Stouffer Restaurant Co. acquired the chain in late 1987, it has refurbished and updated every unit and is concentrating on fine-tuning menus.

A daily specials page allows each unit to feature regional or fresh-from-the-market seafood entrees.

A "Good For You" section also has been added to the menu. Entrees such as Vermicelli with Scallops, Pepper Jelly Chicken, Grilled Fresh Mahi Mahi with Pineapple Salsa, and Grilled Chicken Santa Fe are prepared with fresh ingredients and seasoned with garden herbs and spices. They are listed with calorie, cholesterol, sodium, total fat and protein counts to give customers the opportunity to monitor their diets.

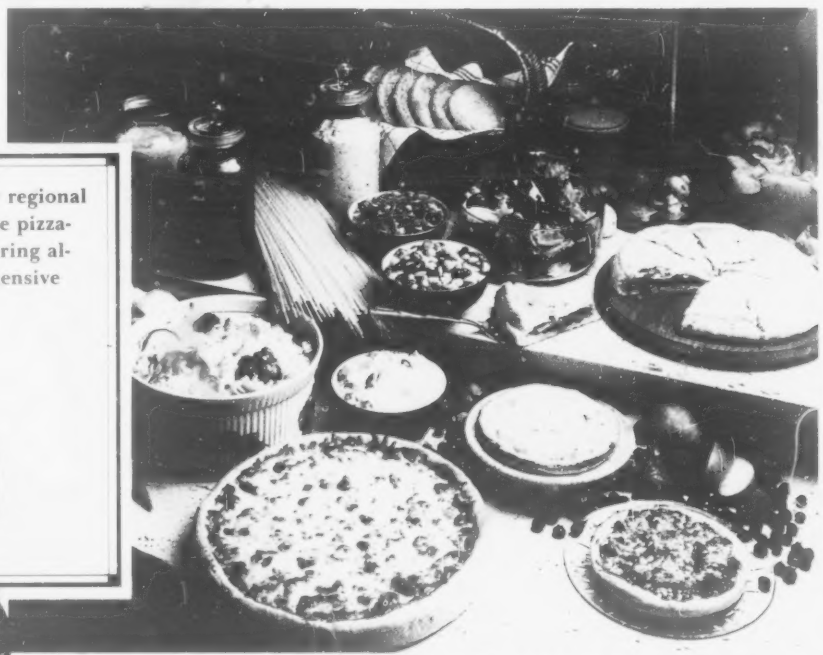
—Jeff Weinstein



The Phillips family of Phillips Seafood Restaurants in Ocean City, Md., shows off an assortment of fresh seafood.

400: PIZZA/ITALIAN

Valentino's and other regional chains defect from the pizza-discount wars by offering alternatives such as extensive Italian buffets.



BIG PIZZA CHAINS TRY FOR MORE OF THE PIE

Segment giants attempt to beat competitors at their own games, but some small players switch rather than fight.

Call it pepperoni *perestroika*. This was the year each of the pizza industry superpowers—Pizza Hut, Domino's and Little Caesars—decided its competitors were doing a few things right after all. They began to tinker with once firm market niches. Each now offers meal deals and pan pizza, two have in-store seating and full service, two deliver to homes and offices, and one is branching out into institutional accounts. In short, pizza's Big Three are looking more alike than ever.

PIZZA HUT **$3,590MM**

The top chain in the field aims to be "a total pizza distributor," says Tim Pulido, vice president of new concepts for Pizza Hut. "We have the product. Now it's a matter of finding new ways to bring it to the consumer." The company will use its tremendous size and the resources of parent PepsiCo to build the same presence in non-traditional markets like takeout, food courts, home delivery and institutions that it now enjoys in sit-down pizza dining. Pizza Hut offers restaurant-based delivery in 1,300 restaurants now and maintains 800 delivery-only kitchens; the chain hopes to increase those numbers by 25% in 1989.

A broad menu positions Pizza Hut for a strong drive into these markets. Hand-Tossed Pizza was a successful '88 rollout in its own right, but the medium-thick crust also resists sogginess better than either thin-crust or pan pies and is therefore better suited for home delivery. The individual pan pizza has been a lunchtime staple at Pizza Hut since its introduction in 1983. Now the company can serve it from new 8-by-10-foot kiosks in non-commercial settings, starting with 200 Marriott contract locations. And Triple Express food court units pack the brand-name power of all three PepsiCo concepts into a cost-efficient unit with three counters, one kitchen and a shared staff.

DOMINO'S PIZZA INC. **$2,300MM**

No. 2 pizza chain Domino's may

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400: PIZZA/ITALIAN

Domino's says pan pizza "tested well," but it also helps the chain defend its share of home delivery.

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have taken the greatest leap of all this past year. The company that made its fame (and fortune) with a bare-bones menu of one pie, 10 toppings and one soft drink actually added an item: pan pizza. President Tom Monaghan says the new thick pie went on the national menu not as a result of competitive pressure but because "it tested well," adding up to 24% of all orders in its first month on the menu. But the net result is to send Domino's menu head-to-head with those of Pizza Hut and Little Caesars, which introduced Pan! Pan! thick pizza last year. The company is offering two-for-one discounts on both types of pie.

Staying competitive may be more important than ever to Domino's, now that Pizza Hut seems poised to challenge its lock on the pizza-at-home market. Domino's still gets a 55% share of the delivery business and remains firmly committed to the 30-minutes-or-$3-off guarantee, according to Monaghan; but Pizza Hut's entry will force Domino's to improve service.

LITTLE CAESARS PIZZA **$908MM**

Augmenting its thin-crust Pizza! Pizza! with a successful Pan! Pan! rollout in '88, Little Caesars spent the rest of the year building market presence with its first national TV ads. But the company also acquired Mother's, a 100-unit chain of sit-down pizza restaurants in Canada. Little Caesars President Michael Hitch said the purchase would let Caesars increase both buying power and market profile in Canada, where the company operates 41 restaurants under its own name.

PIZZA INN **$325MM****

Rather than opting for delivery, Pizza Inn, the highest-ranking regional player in the pizza segment, is trying to build dine-in traffic, a category that has seen severe declines across the segment. The chain recently introduced a daily buffet of 25 items, including salads, pastas and pizza, for $3.99 at lunch and $4.39 at dinner.

Underlying this repositioning effort is the assumption that the buffet concept is too labor-intensive for a sit-down chain as large as Pizza Hut. Pizza Inn also hopes the new items will enhance the price/value perception of its restaurants and isolate them from the widespread price battles now being waged by the big chains—battles that would eat into the company's margins.

OLIVE GARDEN **$300MM**

The fast-growing Italian restaurant

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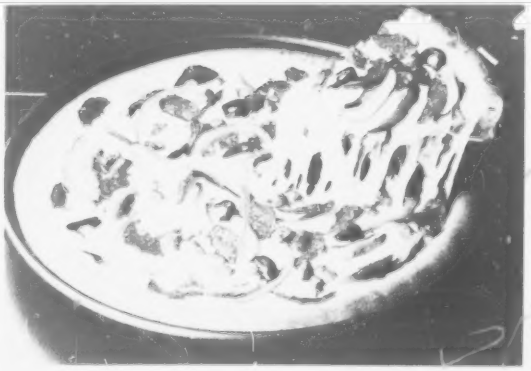

Domino's new pan pizza accounted for 24% of the chain's business the first month it was on the menu.

LEADING PIZZA/ITALIAN COMPANIES

1 **PIZZA HUT (4)**
Sales: $3,390MM Units: 6,662

2 **DOMINO'S PIZZA INC. (10)**
Sales: $2,300MM Units: 4,943

3 **LITTLE CAESARS PIZZA (23)**
Sales: $908MM Units: 2,180

4 **PIZZA INN (67)**
Sales: $325**MM Units: 666

5 **OLIVE GARDEN (70)**
Sales: $300MM Units: 134

6 **ROUND TABLE PIZZA (81)**
Sales: $267MM Units: 540

7 **SHAKEY'S PIZZA (85)**
Sales: $260.8MM Units: 405

8 **GODFATHER'S PIZZA (95)**
Sales: $231MM Units: 534

9 **SHOWBIZ PIZZA/ CHUCK E. CHEESE (104)**
Sales: $209.2*MM Units: 258

10 **SBARRO INC. (131)**
Sales: $154MM Units: 328

11 **MAZZIO'S CORP. (138)**
Sales: $143MM Units: 280

12 **PAPA GINO'S OF AMERICA (149)**
Sales: $128.3MM Units: 205

13 **MR. GATTI'S INC. (152)**
Sales: $127*MM Units: 300**

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400: PIZZA/ITALIAN

Solid execution and good value perception make Olive Garden and Sbarro dine-in winners.

LEADING PIZZA/ITALIAN COMPANIES

14 **PIZZERIA UNO RESTAURANTS (228)**
Sales: $66.4MM Units: 54

15 **PETER PIPER INC. (259)**
Sales: $52.4MM Units: 111

16 **DINO'S/CRUSTY'S USA (273)**
Sales: $50*MM Units: 205

17 **OLD SPAGHETTI FACTORY (296)**
Sales: $42.6MM Units: 28

18 **ROCKY ROCOCO (306)**
Sales: $40MM Units: 80

19 **PIETRO'S CORP. (322)**
Sales: $38MM Units: 80

20 **VALENTINO'S (344)**
Sales: $34MM Units: 40

21 **NOBLE ROMAN'S INC. (349)**
Sales: $33.7*MM Units: 89

22 **LAROSA'S INC. (362)**
Sales: $31.2*MM Units: 45

23 **STRAW HAT PIZZA (369)**
Sales: $30MM Units: 82

24 **HAPPY JOE'S PIZZA & ICE CREAM PARLOR INC. (375)**
Sales: $28.6MM Units: 82

25 **NUMERO UNO PIZZA PASTA & MORE (376)**
Sales: $28.5*MM Units: 58

26 **MOUNTAIN MIKE'S PIZZA INC. (380)**
Sales: $28MM Units: 65

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chain doubled both sales and units last year, and without any large-scale ad programs or promotions. The near future holds another "building" year as the chain heightens its presence in its current 37 markets without major changes in its prototype. All stores make their own pasta, have full-service bars and offer wine. Daily blackboard specials, which have become the most popular menu items, take advantage of local availability and include Venetian Chicken, Fettuccini Alfredo, Vegetarian Lasagna and Shrimp Parmesan. The restaurants also offer combination platters of northern or southern Italian dishes for $10 to $12. Some are testing separate takeout counters, though on-premise dining will remain the stores' primary focus.

SBARRO INC. $154MM

This chain of cafeteria-style Italian restaurants has become as big a hit on Wall Street as it is in shopping malls: the company's stock price climbed 55% in the year ending May 31, 1989. One reason is the company's solid fundamentals: The most popular Italian items are prepared daily in-store and served in large portions for moderate prices ($2.50 to $3.99 for entrees other than pizza) in a heavily traveled environment that is relatively free from competition.

The company is now exploring life beyond the mall, hoping to tap into new markets. Under the auspices of Marriott's Travel Plaza division, Sbarro has opened units on interstates around the East; the chain is also moving into airports.

VALENTINO'S $34MM

Valentino's is a lesson in how to succeed as a regional pizza maker. The company owns restaurants in Omaha and Lincoln, Neb., and franchises territories from South Dakota to St. Joseph, Mo. "No one seems to get real excited about the area," says Valentino's President M[illegible] Alessio. "But we like where we are."

On-premise dining accounts for about 55% of Valentino's sales, and most of it centers on the daily buffet featuring salads, pizza, casseroles, lasagna and other pasta dishes. To build frequency, the company adds a few items to the buffet every month, rotates a number of pizza toppings (including Mexican and Canadian bacon) and [illegible]s another half dozen from a recipe file of 30 pasta sauces. The Italian buffet costs $4.49 at lunch, $5.49 at dinner.

—Brian Quinton

New 8-x-10-foot kiosks will let Pizza Hut get into tight spaces, like airports and B&I contractors' service lines.

400: STEAK & BBQ

Bonanza is beefing up its menu with seafood offerings such as Shrimp Scampi and Broiled Fish.

HOW ABOUT SOME STEAK WITH THAT SALAD?

Steakhouses continue to offer bigger food bars—but not at the expense of beef sales, executives say.

Beef may be back, but patrons want something to dress it up, and food bars seem to be the answer for many operations. Steakhouses are by no means a thing of the past, but with menus constantly expanding, the lines between the traditional steakhouse and full-fare family style restaurants are blurring. Restaurants with menus firmly entrenched in beef items may become more easily differentiated from the pack.

"We actually got out of the habit of emphasizing steak as a major item a long time ago," says Jeff Rogers, CEO of USACafes, which operates Bonanza Restaurants. Steak now accounts for approximately 27% of sales at Bonanza.

Bonanza is beginning to redesign its restaurants around its Food Fare food bar, making it the restaurants' centerpiece. Half of its 600 units have added new low-calorie, low-salt items to increase repeat customer visits.

Success these days, say many operators, is a result of giving customers what they want. And steak is often less than half the equation. Segment leader Sizzler reports, for example, that its hottest sellers right now are "combos" (steak and seafood, chicken and shrimp) and food bar items.

"New menu items have enhanced our restaurants in our customers' minds," says Karen Randall, public relations director for the 211-unit Quincy's, operated by Spartan Food Systems. Quincy's has expanded its food bar this year, adding desserts to the salads, soups, and homestyle meats and vegetables it already offers.

Food bars are not the only area where the menu is expanding. Entree items being tested and permanently added to steakhouse menus include more chicken and seafood. Even the barbecue segment is getting into the menu expansion act.

Last year, Sonny's Real Pit Bar-B-Q added char-broiled chicken to its menu. This year, smoked turkey was introduced. Damon's is testing more poultry items on its dinner menu.

400: STEAK & BBQ

New entrees and cleverly designed food bars enable steakhouses to expand menus with ease.

LEADING STEAKHOUSES AND BARBECUE CHAINS

1 **SIZZLER INTERNATIONAL (26)**
Sales: $850MM Units: 625

2 **PONDEROSA INC. (33)**
Sales: $749MM* Units: 718

3 **BONANZA RESTAURANTS (39)**
Sales: $571MM Units: 612

4 **GOLDEN CORRAL (47)**
Sales: $456MM Units: 502

5 **WESTERN SIZZLIN' STEAK HOUSE (48)**
Sales: $450MM Units: 550

6 **QUINCY'S RESTAURANTS (87)**
Sales: $251MM Units: 211

7 **RYAN'S FAMILY STEAK HOUSES (92)**
Sales: $234.0MM Units: 122

8 **STEAK & ALE (101)**
Sales: $225MM** Units: 159

9 **STUART ANDERSON'S (120)**
Sales: $176.4MM* Units: 84

10 **TONY ROMA'S (122)**
Sales: $171.2MM* Units: 118

11 **MR. STEAK (185)**
Sales: $85MM Units: 125
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And Beefsteak Charlie's has added rib combinations, such as teriyaki chicken and baby-back ribs, and a chicken sampler.

PONDEROSA **$749MM**

Ponderosa, now privately owned, has made several moves to upgrade the total customer experience. It has introduced higher quality USDA Choice steaks in all units, and has upgraded other products as well, using Colby cheese instead of imitation cheese, and real bacon bits.

The company's successful Grand Buffet experiment was rolled out nationally last July, and has helped attract customers. The food bar concept is marketed as a supplement to the chain's basic menu fare of steaks, chicken and seafood with the theme, "Make your entree grander."

BONANZA **$571MM**

Customers come to Bonanza more for variety than any particular menu item, according to CEO Jeff Rogers. Menu expansion in fast food and other industry segments has paved the way for similar moves in steakhouses, he says.

The company's expanded Food Fare food bar concept has garnered enthusiastic customer response and resulted in a 3% increase in customer counts last year. Bonanza is now beginning to redesign its units to make the food bar a centerpiece. Food Fare has taken on a personality of its own, and its many stations give customers an opportunity for creativity. Some 300 of the chain's units have added items that are lower in calories and sodium to the food bar.

New menu items being tested include broiled chicken and seafood entrees and Chicken Fried Chicken.

Success this year, though, has been the result of more emphasis on crew motivation and better management techniques, not just menu expansion.

Next on tap is the conversion of the 40 York's units acquired by the company to Bonanza Restaurants.

QUINCY'S **$251MM**

Giving customers what they want has been the driving force behind Quincy's expansion of its hot food bar. The chain now has four food bars in its Country Sideboard concept—garden salad, soup, hot homestyle meats and vegetables, and the new dessert bar with an emphasis on soft-serve sundaes and deep-dish pies. The chain also has been testing a new grilled chicken breast and breakfast items.

Unit expansion slowed considerably

Seafood and steak are menu mainstays at Bobby Rubino's Place for Ribs.

400: STEAK & BBQ

Sonny's is among the barbecue chains experimenting with char-broiled chicken and smoked turkey.

LEADING STEAKHOUSES AND BARBECUE CHAINS

12 **SONNY'S REAL PIT BAR-B-Q (219)**
Sales: $69.4MM* Units: 79

13 **WESTERN STEER (221)**
Sales: $68.9MM* Units: 202

14 **K-BOB'S STEAK HOUSES INC. (252)**
Sales: $54.6MM* Units: 65

15 **SIRLOIN STOCKADE (260)**
Sales: $52.3MM Units: 67

16 **BEEFSTEAK CHARLIE'S (282)**
Sales: $48MM Units: 42

17 **DAMON'S INC. (305)**
Sales: $40.1MM Units: 33

18 **BOBBY RUBINO'S PLACE FOR RIBS (316)**
Sales: $39MM Units: 20

19 **RUTH'S CHRIS STEAK HOUSE (321)**
Sales: $38MM Units: 23

20 **THE HILLTOP STEAKHOUSE (361)**
Sales: $31.5MM Units: 2

21 **THE HAPPY STEAK (388)**
Sales: $27MM Units: 35

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last year to give the company time to do more extensive employee training and develop its management team. And with a new, larger store design, Quincy's is getting ready to roll again.

MR. STEAK **$85MM**

Survival has been Mr. Steak's strategic focus since it went into Chapter 11 in October 1987. Moves to sell off unprofitable units and cut costs have made the company leaner and meaner.

The establishment of a separate marketing cooperative governed by a steering committee of franchisees in December 1987, has dramatically improved the company's fortunes. "While we've broadened our menu along with others in the segment," says Marketing Vice President John Imbergamo, "our success this year has really come from an excellent program of promotions."

Five or six well-supported, food-related promotions a year have brought the level of franchisee participation up to 75% from less than 20% two years ago. Promotions this year include summer salads at lunch, ribs at dinner, and prime rib in the fall.

SONNY'S REAL PIT BAR-B-Q **$69.4MM**

Southern-style marinated, slow-cooked barbecue with sauce on the side is the signature of Sonny's Real Pit BBQ. Sonny's menu includes ribs, chicken halved or quartered, and sliced barbecue beef and pork, along with signature barbecue beans and a 40-item, all-you-can-eat salad bar.

Check averages are about $4.75 at lunch, slightly higher at dinner, and side orders include cole slaw, french fries, and garlic bread. Takeout can account for as much as 30% of sales, depending on the unit.

Char-broiled chicken was introduced last year, and smoked turkey was added to the menu this year. The company also is testing a smoked ham steak with a low fat content.

RUTH'S CHRIS STEAK HOUSE **$38MM**

A traditional, high-end steakhouse, Ruth's Chris Steak House has ambitious expansion plans, with the addition of five units last year and five more slated this year. New markets for the company include Hawaii, New Jersey, Las Vegas, and North Miami Beach.

While filet is still a best seller, the menu has been broadened to include a new marinated and grilled chicken entree and a mixed grill of filet, pork tenderloin, and chicken breast.

—Michael W. Sherer

Like most of the competition, Ruth's Chris Steak House has broadened its menu.

400: DINNER HOUSES

Move over, sizzling steak kebabs: Bamboo steamers full of colorful, fresh vegetables are the new attention getter at Magic Pan.

DINNER-HOUSE DARING: TO HEALTH WITH GUSTO

Zesty ethnic renderings of chicken, pasta and fish go beyond standard salads and steamed vegetable plates of mid-'80s.

Sicilian stuffed mushrooms from TGI Friday's, baked ziti from Bennigan's, Chinese duck in a wholewheat sesame crêpe from Magic Pan: all new and healthy, none blasé. In 1989 the food message from dinner houses is clearly light, but creative. Once-tentative forays into uncharted low-cholesterol and low-fat food territories now yield grilled and marinated fish and chicken dishes, pasta and warm salads more daringly Italian, Southwest American and Pan-Asian in flavor and presentation. "These new items have brought a feeling of electricity into our restaurants," says Mark Pratte, director of food and beverage at Red Robin. "Our servers are selling a lot more."

Along with suggestive-selling techniques, many dinner houses are reorganizing menus to give more prominent display to healthful items and call attention to the use of high-grade oils and fresh vegetables. To accelerate repeat business and lower food costs, others have expanded appetizer sections, moving from everything-included entrees (soup, salad and entree) to smaller-portioned entrees or a la carte selections that give customers the chance to graze.

Bobby McGee's, for example, used to include its soup-and-salad bar, bread, starch, and vegetable with all entrees. The chain's new menu (June 1989) now offers entrees for less (Mahi Mahi Macadamia, listed at $9.50 on the old menu, sells for $7.25 on the new one), and tacks on $2.95 for a trip to the salad bar. "This new menu has put us in league with more moderate restaurants with a much greater repeat business," says Operations Director Anthony Corella. "Customer counts have gone up 3% to 5% already, and our food costs are down four points."

TGI FRIDAY'S **$373MM**

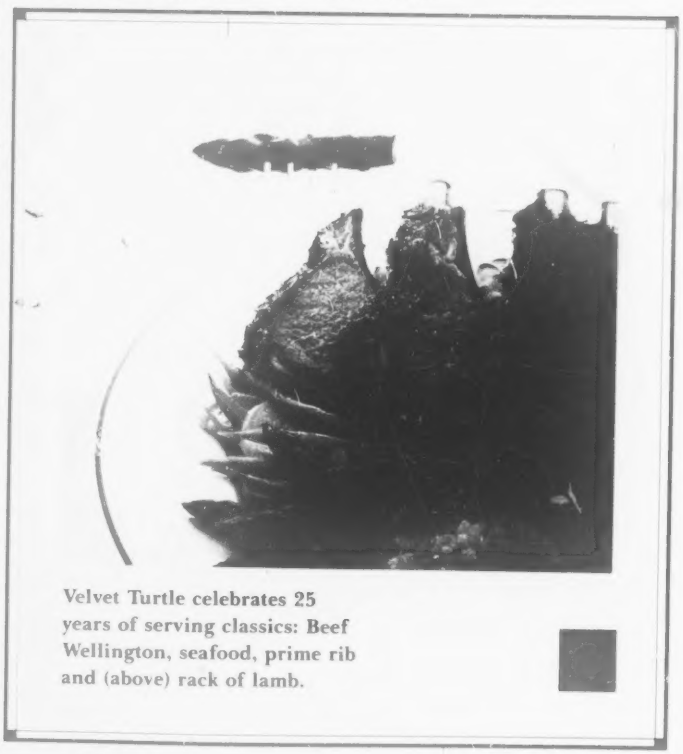
"People are asking us a lot more about cholesterol," says Rick Crossland, vice president of research and development at Friday's. In response, Friday's is testing the substitution of olive or peanut oil for all food currently sautéed. "That's not to say we're eliminating butter completely, it's just a part of our continued movement away from deep-fried foods," says Crossland. "We continue to experience sales growth in non-fried entrees: pasta, salads, chicken."

Friday's new Fresh-Vegetable Medley entree, for example—an assortment of seven vegetables served with a baked potato or brown rice pilaf and salad—has been selling well over 100 orders per store per week. And a Sicilian Stuffed Mushroom appetizer introduced this year is selling well. Also new: Friday's Herb-Grilled Chicken and a Smoked Turkey Reuben.

CHILI'S **$350MM**

Adapting its menu to include "what customers want today," Chili's added Chicken Tacos and Southwestern Shrimp in 1988 and rolled out its Grilled Tuna Salad in the first quarter of '89. The salad, mixed greens with chunks of seasoned grilled tuna, spicy *pico di gallo*, sugar-glazed walnuts and green onion, is "the story of the day," says Ken Dennis, vice president of marketing. "We also switched to the use of 100% vegetable oil this year."

Chili's continues to use television as its major advertising vehicle, and aired spots in 1988 featuring Southwestern Shrimp, Shrimp Fajitas and Beef Fajitas. Another commercial targeted families with children.



Velvet Turtle celebrates 25 years of serving classics: Beef Wellington, seafood, prime rib and (above) rack of lamb.

400: DINNER HOUSES

High-end dinner houses: More high-grade oils, smoked fish, beans, grains and foraged salad greens.

LEADING DINNER HOUSES

1 **BENNIGAN'S (46)**
Sales: $458.1MM Units: 222

2 **TGI FRIDAY'S INC. (58)**
Sales: $373MM Units: 136

3 **CHILI'S INC. (63)**
Sales: $350MM** Units: 183

4 **GROUND ROUND (105)**
Sales: $209MM Units: 215

5 **SPECIALTY RESTAURANTS CORP. (113)**
Sales: $189MM Units: 74

6 **BROWN DERBY INC. (121)**
Sales: $174MM* Units: 70

7 **RUBY TUESDAY (151)**
Sales: $128MM Units: 80

8 **CHART HOUSE (158)**
Sales: $111.1MM* Units: 60

9 **RED ROBIN (168)**
Sales: $100.3MM Units: 47

10 **BENIHANA OF TOKYO (184)**
Sales: $88MM Units: 50

11 **RESTAURANT ASSOCIATES GROUP (194)**
Sales: $80.9MM Units: 20

12 **LETTUCE ENTERTAIN YOU ENTERPRISES INC. (196)**
Sales: $80.7MM Units: 26

13 **BILL KNAPP'S MICHIGAN INC. (205)**
Sales: $77.3MM* Units: 63

14 **PRUFROCK RESTAURANTS (211)**
Sales: $73.9MM Units: 60

15 **HOUSTON'S RESTAURANTS (218)**
Sales: $69.6MM Units: 18

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Note: Numbers in parentheses indicate companies' "400" rankings. Sales figures are for the 1988 calendar or fiscal year; unit figures represent the number of units open as of 1/1/89. *R&I estimate, ** company est., † commercial equivalent. © 1989 *Restaurants & Institutions*, a Cahners publication.

PRUFROCK RESTAURANTS **$73.9MM**

How to serve traditional Southern home cooking and convey that it isn't all starch and fat? Publicize the fact that your chain uses 100% vegetable shortening and only fresh, homey vegetables: okra, green beans, squash, carrots, potatoes with the skin on.

The approach is working for Prufrock's Black-eyed Pea. Helping things along, the company has added a larger house salad to the menu and now is rolling out four charbroiled items: chopped steak, pork chops, chicken breast and charbroiled chicken salad.

"Charbroiling helps the customer's perception of the healthful value of the food," says Vice President of Marketing Jordan Rohde.

RED ROBIN **$100.3MM**

Red Robin's new Bamboo Steamer appetizer "is as much a head-turner as a sizzling platter of fajitas," says Pratte. Servers present the authentic Chinese bamboo steamers full of fresh vegetables with a flourish: "When they whisk off the lid, the steam comes bellowing out," says Pratte. "It creates a lot of excitement."

While bacon cheeseburgers are still Seattle-based Red Robin's biggest seller, and the chain continues to strengthen its gourmet burger emphasis, selections such as the Bamboo Steamer, Chicken Milano, Bonzai Chicken Fajitas and Stir-Fried Chicken Salad, all featured on the chain's new menu (March 1989), are climbing in popularity. "We're continuing with the cross-pollination of cuisines," says Pratte. "Asian, Mediterranean, Caribbean, Italian, French and Mexican flavors highlighted with an American touch. We're also developing more flavorful but healthy items to address our customers' concerns regarding cholesterol and calories."

Red Robin does about 45% of its sales at lunch, 55% at dinner, and would like to shift to a 40-60 split without losing lunch business.

RESTAURANT ASSOC. GROUP **$80.9MM**

Panevino and Caffe Sport, the RA Group's newest concepts, feature fine olive oil imported from Italy. "We have over the last year increased use of virgin olive oil in preparations, drizzled over salad and set out on tabletops for dipping bread," says John Harding, media relations manager. "Importing our own oil is a special touch." In addition to "a tremendous increase in the use of high-grade oils," Harding says

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TGI Friday's is experimenting with the substitution of olive oil and peanut oil for all the foods it sautées.

400: DINNER HOUSES

Once-tentative forays into uncharted healthful food territories now yield more daringly ethnic dishes.

LEADING DINNER HOUSES

16 **THE LEVY RESTAURANTS INC. (233)**
Sales: $62.5MM Units: 31

17 **ASSOCIATED HOSTS (236)**
Sales: $60MM** Units: 54

18 **RESTAURANTS UNLIMITED SPECIALTY RESTAURANTS (238)**
Sales: $60MM Units: 20

19 **HARD ROCK CAFE AMERICA (240)**
Sales: $60MM Units: 7

20 **BOMBAY BICYCLE CLUB (246)**
Sales: $56.8MM* Units: 45*

21 **BOBBY McGEE'S (254)**
Sales: $53MM** Units: 20

22 **VELVET TURTLE (256)**
Sales: $53MM* Units: 21

23 **CHARLIE BROWN RESTAURANTS (266)**
Sales: $51.9MM Units: 36

24 **TRADER VIC'S (272)**
Sales: $50MM Units: 20

25 **MAGIC PAN (283)**
Sales: $47MM Units: 5

26 **HAMBURGER HAMLETS INC. (286)**
Sales: $46MM Units: 22

27 **STOUFFER SPECIALTY RESTAURANTS (299)**
Sales: $42MM* Units: 22

28 **McFADDIN VENTURES (301)**
Sales: $41.1MM Units: 34

29 **ARK RESTAURANTS (324)**
Sales: $37.9MM Units: 17

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RA's restaurants are using a wider variety of smoked fish, beans, and grains, and more unusual salad items. "More foraged foods—things like watercress and dandelion leaves," says Harding.

VELVET TURTLE **$53MM**

Traditions live on at American Restaurant Group's Velvet Turtle. "This remains a traditional special-occasion restaurant," says President John Cutter. "Our four biggest sellers remain rack of lamb, Beef Wellington, prime rib and the mixed seafood platter—timeless dishes with top of mind recognition—all to be featured this year, our 25th anniversary."

But the chain does leave room for innovation: Velvet Turtle's "fresh sheet," which features seven to eight specials by Chef Reinhard Dorflinger, changes daily.

CHARLIE BROWN **$51.9MM**

The menu now in test for a July rollout at Charlie Brown's has lower price points, smaller-portion items and gives guests the option of sharing appetizers. "We kicked off the combination appetizer idea with a fried combination platter in January," says Vice President of Food and Beverage Rick Kaskel. "The success of that introduction prompted our second combo-appetizer plate, a barbecue platter. Others will follow."

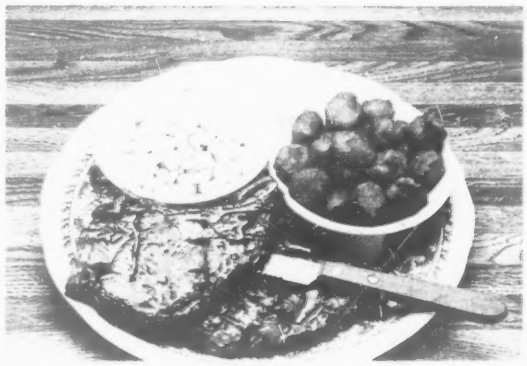
The more upscale Office restaurant concept expanded its menu in 1988 to include swordfish, coconut chicken and a variety of "Megaburgers," introduced in conjunction with food promotions throughout the year. A "Camp South Pacific" (Polynesian Australian Hawaiian) promotion launched a Malibu Megaburger. Mardi Gras came with a Cajun Megaburger. Looking ahead, the Office will roll with more pastas and stuffed chicken.

MAGIC PAN **$47MM**

The menu Magic Pan launched in February includes 30 new items, according to Jon Forsman, vice president of operations. "It's still primarily a mix of sautees and crêpes, but we've added some pasta dishes and more traditional-style sandwiches."

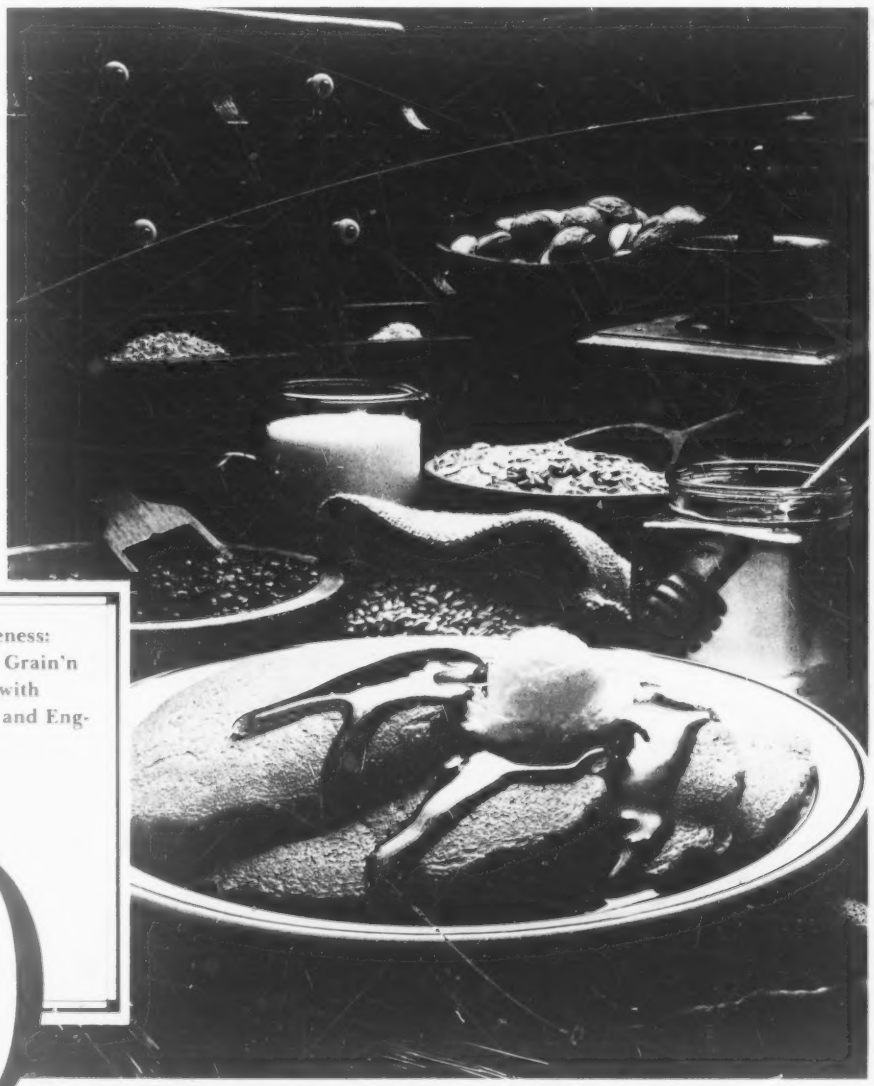
Magic Pan dropped heavily sauced items such as their Seafood Devon and replaced them with dishes such as Chinese duck on a wholewheat sesame crêpe, a mulligatawny sautee with curried vegetables and eggplant, and a five-cheese herb crêpe. "All things that are more nutritious," says Forsman, "and much more contemporary."

—Monica Kass



Black-eyed Pea is battling a "heavy food" perception with a new line of charbroiled meats and more fresh vegetables.

400: FAMILY DINING



Picture of wholesomeness: IHOP's new Harvest Grain'n .Iut Pancakes, made with wheat, oats, almonds and English walnuts.

DOWN-HOME AND ETHNIC TRENDS BROADEN MENUS

Family dining's A-to-Z menus pitch appeal to broad customer range with trendy foods and old favorites.

Family dining menus get an "A" for their efforts to appeal to everyone: families, children, seniors, couples and other customer groups. This year's all-things-to-all-folks menu approach is based on sound marketing, analyzing customers' life styles and life stages, tracking taste trends and making careful choices among them.

Menus address customers' growing nutritional concerns by offering more light, healthful dishes—fish, chicken, fresh fruit and salads—and options that either are, or can be prepared as, low-sodium, low-cholesterol, or low-calorie items. Denny's will add a grilled chicken salad in 1989. Shoney's allows customers to substitute baked potato for rice or french fries during peak daily dinner hours and on Sundays. Shoney's also added eight to 10 new items to salad bars, and its three special promotions all include fish: Steak and Shrimp, Charbroiled Shrimp, Seafood Platter. Kettle Restaurants added Grilled Whitefish Fillet, its first non-fried item.

In addition to its seven different salads, Cracker Barrel will launch a "Summer Light" promo in '89; Lyon's highlights non-fat milk, low-calorie maple-flavored syrup, non-cholesterol egg product and a vegetarian sandwich; J.B.'s added five new fish items; Huddle House added new salads, chicken and fish dishes; Elmer's added low- and non-cholesterol items, and 4 B's retains a physician consultant for menu development.

But these same operations often have expanded and enriched their dessert menus—speaking directly to America's sweet tooth. Stuckey's added ice cream to some stores, frozen yogurt to others, and reports excellent sales for both. Diversified Hospitality is testing new desserts to expand that menu section in its 24-hour Steak'n Egg restaurants; Lyon's launched a big new fudge brownie and used table tents to promote four fruit-topped ice cream cake desserts so big that customers are encouraged to share. Among Country Kitchen's "Country Kitchen's Good Desserts" are Down-Home Apple Dumpling with cinnamon ice cream, Hot Fudge Cake with hot fudge sauce, and a hand-dipped milkshake.

The renewed appetite for down-home comfort food is giving old-fashioned favorites fresh popularity in family dining; however, menus also are highlighting carefully chosen trendy ethnic and regional dishes. Denny's best-selling hearty Grand Slam breakfast was glamorized in '88 by the addition of French and Southern menu variations. Toddle House Diners offer 10 dinner platters, the likes of Liver and Bacon with Onions and Turkey with Gravy, with a choice of sides such as red beans, mashed potatoes, grits, sliced peaches. But Toddle House also offers a Mexican Fajita Steak. Perkins puts Cajun Chicken and Teriyaki Chicken on the menu with its new Down Home Dinner featuring such items as fish, meatloaf and ham steak, and a seafood omelet alongside its trademarked Granny's Country Omelette. Country Kitchen, launching "Blue Ribbon Taste" (phase two of its successful "The Country's Calling You" media campaign) brought back meatloaf by popular demand, and its Calico Bean Soup, a 1987 add-on, sold more than a million servings in '88. The June '89 menu offers Mexican Hat Salad, Cape Cod Scrod, and Veal Parmigiana. Skillet Breakfasts continue to be top sellers, accounting for 15%

Po-to-Go Pikniks: This is newest in PoFolks take-outs, the 8-Piece Piknik chicken, which, priced at $9.99, feeds four.

400: FAMILY DINING

For every light, healthful menu item in family-dining restaurants, customers can find a rich dessert.

LEADING CASUAL DINING COMPANIES

1 **DENNY'S INC. (15)**
Sales: $1,300MM Units: 1299

2 **BIG BOY (22)**
Sales: $940MM** Units: 912

3 **SHONEY'S (25)**
Sales: $864.1MM Units: 636

4 **FRIENDLY ICE CREAM (40)**
Sales: $564MM Units: 848

5 **WALT DISNEY CO. (54)**
Sales: $382MM* Units: 179

6 **PERKINS FAMILY RESTAURANTS L.P. (56)**
Sales: $375MM Units: 341

7 **INTERNATIONAL HOUSE OF PANCAKES (69)**
Sales: $315.8MM Units: 437

8 **BOB EVANS FARMS INC. (74)**
Sales: $290MM Units: 225

9 **WAFFLE HOUSE INC. (83)**
Sales: $262.1MM* Units: 667

10 **VILLAGE INN PANCAKE HOUSES (93)**
Sales: $233MM Units: 272

11 **MARIE CALLENDER (100)**
Sales: $226MM Units: 152

12 **BAKERS SQUARE (111)**
Sales: $189.4MM** Units: 152

13 **COUNTRY KITCHENS (123)**
Sales: $167.3MM Units: 252

14 **POFOLKS INC. (129)**
Sales: $155.5MM Units: 149
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of total daily sales.

Increasingly, the family dining segment is courting youngest and oldest customers by emphasizing children's and seniors' menus with smaller portions, lower prices.

Menu trends in family dining include an increase in takeout; operations are making it easier for customers to eat in the unit or order for carryout selected, or in some cases all, menu items. Unlike the fast-food segment, which is questioning the profitability of food bars, the family dining segment is placing a renewed emphasis on this component. Many are enlarging and upgrading their breakfast, soup and salad bars. Almost all family dining chains are focusing on improved service, and a few are experimenting with fast service—PoFolks promises a 15-minute Fast Folks Lunch; Perkins guarantees and Denny's is testing a 10-minute lunch.

As these profiles show, the family dining operations best equipped to make most of the people happy most of the time are upgrading the quality of menu items, streamlining their menus to enhance and highlight the new variety, developing sales in less profitable day parts and marketing by promotions and advertising.

IHOP **$315.8MM**

After more than two years' testing, IHOP's new Harvest Grain'n Nut Pancake is ready for systemwide rollout. While it is not marketed as a healthful pancake, advertising conveys it as wholesome, made with whole wheat, oats, almonds and English walnuts. Best-selling breakfasts in '88 included the International Passport Breakfasts (double eggs, bacon, sausage with choice of French, American buttermilk, German or Swedish pancakes).

To counteract the image of IHOP as a weekend restaurant with long waits, leisurely breakfasts and large portions, IHOP introduced the new lower-priced Fast Break Breakfast of smaller portions, served early mornings Monday through Friday. Television commercials compare Fast Break favorably to fast-food breakfasts.

To expand menu variety, IHOP added "A Whole New Flock of Sandwiches" in '88: Chicken, Mushroom and Swiss; Simply Chicken; Chicken, Bacon and Cheese; Chicken, Barbecue, Bacon and Cheese are all made with skinless, boneless chicken breasts on "Parmesan-grilled" bread.

BOB EVANS FARMS **$290MM**

Operating on the philosophy of "less

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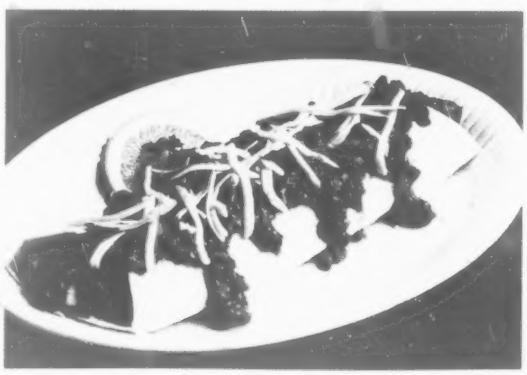

New at Bob Evans: The Border Scramble, a chili- and cheese-topped tortilla filled with sausage, vegetables, potatoes.

For information National Dairy Board circle 135→

400: FAMILY DINING

Hearty home-style foods share new menu spotlight with trendy ethnic dishes and lighter fare.

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is more." Bob Evans' menu will get a smidge smaller in '89—as more new items than ever are added. New and interesting menu items, says Roger Williams, marketing director, will replace older menu items.

Best selling items in '88 were, predictably, the traditional breakfast items. But joining the ranks of best sellers were new items, namely meatloaf, chicken and noodles, barbecued ribs. Other popular items added in '88 were chicken fried steak, beef stew and charbroiled catfish.

In '88, Bob Evans dropped oatmeal for about three months, but "We were inundated with requests. It's back on the menu and—with merchandising—is selling at three times its old level."

New for '89 will be chicken, spinach and chef's salads, a fruit plate, raisin-bran muffin, and the Border Scramble breakfast, a large flour tortilla wrapped around sausage, fresh vegetables and potatoes, and topped with chili and cheese.

MARIE CALLENDER PIE SHOPS $226MM

Marie Callender offers the best of both worlds: hearty home-style foods and 30 varieties of pies, plus newer, lighter items. For example, among best sellers in '88 were a variety of meat-and-vegetable pot pies with flaky crusts, and the fresh soup and cornbread combination.

New items that became a part of the regular menu in '88 were a Southwestern cheese-steak-melt; a bread-basket stew; an all-you-can-eat soup, tostada and salad bar; and, for the diet-conscious, a grilled lemon chicken dish.

Rollouts for '89 include an already popular roast beef croissant sandwich, and another new chicken dish called Chicken Leone. Ahead are additional lighter items.

BAKERS SQUARE $189.4MM

Bakers Square still offers high-quality baked goods to eat in or take out—for example, 25 varieties of pies—but the marketing emphasis has shifted to increasing lunch and dinner traffic.

Best-selling lunch items in '88 were the burgers, and No. 1 was the Works Burger, topped with bacon, sautéed mushrooms and onion, melted American cheese, tomato, alfalfa sprouts, lettuce and a special sauce—with fries or cole slaw for $4.65. A sliced Chicken Breast Salad at $5.75 now is part of the regular menu, making a total of eight salads.

Noteworthy in the sandwich section, which includes classics such as clubs,

Bakers Square tees up dinner with new Stir-Fry Shrimp. Also new (not shown) are stir-fried chicken and vegetable dishes.

LEADING CASUAL DINING COMPANIES

15 **KETTLE RESTAURANTS INC. (155)**
Sales: $123.2MM Units: 201

16 **HOWARD JOHNSON'S (161)**
Sales: $110MM** Units: 136

17 **WAG'S RESTAURANTS (169)**
Sales: $100MM Units: 91

18 **LYON'S RESTAURANTS (170)**
Sales: $100MM Units: 65

19 **J.B.'S RESTAURANTS (171)**
Sales: $99.7MM Units: 116

20 **DOBBS HOUSES INC. (174)**
Sales: $94.4MM* Units: 238

21 **SWENSEN'S ICE CREAM CO. (181)**
Sales: $90MM** Units: 307

22 **MARRIOTT FAMILY RESTAURANTS (192)**
Sales: $81.9MM* Units: 163*

23 **MARRIOTT TRAVEL PLAZAS (216)**
Sales: $69.8MM* Units: 90*

24 **EAT'N PARK (226)**
Sales: $67MM Units: 49

25 **STUCKEY'S CORP. (241)**
Sales: $60MM Units: 127

26 **COUNTRY PRIDE (277)**
Sales: $50MM* Units: 37

27 **HUDDLE HOUSE INC. (280)**
Sales: $48.5MM Units: 132

28 **VIE DE FRANCE (289)**
Sales: $45MM** Units: 58

29 **OLGA'S KITCHEN INC. (300)**
Sales: $41.7MM Units: 51

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400: FAMILY DINING

New old trend: Food bars return, fresher and better, with contemporary American food.

LEADING CASUAL DINING COMPANIES

30 **JERRY'S (303)**
Sales: $40.5MM Units: 54

31 **DIVERSIFIED HOSPITALITY GROUP (309)**
Sales: $40MM Units: 160

32 **AU BON PAIN (323)**
Sales: $38MM** Units: 50

33 **PERKO'S COFFEE KUP (332)**
Sales: $36MM Units: 44

34 **ELMER'S PANCAKE & STEAK HOUSE (337)**
Sales: $35MM** Units: 29

35 **HAPPY CHEF RESTAURANTS (338)**
Sales: $35MM Units: 56

36 **SHARI'S FAMILY RESTAURANTS (345)**
Sales: $34MM** Units: 38

37 **SKYLINE CHILI INC. (358)**
Sales: $32MM Units: 83

38 **KING'S FAMILY RESTAURANTS (359)**
Sales: $32MM Units: 21

39 **LE PEEP RESTAURANTS INC. (365)**
Sales: $31MM** Units: 70

40 **BRIGHAM'S INC. (374)**
Sales: $29MM Units: 66

41 **CHURCH ST. STATION (379)**
Sales: $28MM Units: 5

42 **THE NEWPORT CREAMERY INC. (390)**
Sales: $27MM Units: 39

43 **SCHWARTZ BROS. RESTAURANTS (391)**
Sales: $27MM Units: 19

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Reubens, tuna melt and hot sandwiches, are the eight pita sandwiches.

Among the most popular Main Meal (dinner) items are the Stir-Fry dinners—chicken ($5.85), vegetable ($5.25), and shrimp ($6.25).

POFOLKS **$155.5MM**

PoFolks' takeout program was so successful in '88 that a new 8-Piece Piknik (feeds four) at $9.99 has been added. Like the $14.99 16-Piece Piknik for six, it includes Blue Ribbon Fried Chicken, Cole Slaw, Po-tater Salad, Fresh Baked Biskets and a Gallon of Mason Jar Ice Tea, and includes disposable plates, forks and napkins. Other takeout items include Just Chicken, Fish Fry Piknik, side dishes, tea and Belly Washers (bottomless soft drinks).

Catering also is advertised on the menu: "Anything on our menu is fixable for big or small shindigs. Just ask a manager for details."

PoFolks has several new products in test to roll out in '89: Maryland-style crab cake, Texas-style chicken-fried chicken, pot roast, appetizers, barbecue ribs, meatloaf and a fudge pie among them. Two seafood dinners sold extremely well in '88 and a Golden Harvest Seafood Festival will be launched in the fall of '89. Mike McNeil, marketing director, says PoFolks aims to fill the "seafood void between Captain D's and Red Lobster with real good seafood."

SWENSEN'S ICE CREAM **$50MM**

Earle Swensen himself, Swensen's founder and still a consultant, has returned as a marketing symbol as well to introduce the new all-natural ice cream. He is present on table tents and signage and as a six-foot high stand-up poster. He gives his seal of approval to the new 1950s-style Blue Plate Dinner Specials, all priced at $4.95: Savory meatloaf, Tortellini, Macaroni & Cheese, Chicken Marinara, Chicken Southwest, Chicken Fried Steak, Ham Steak, and Fish and Chips.

On these promotional pieces, Swensen admonishes, "Make sure you save room for dessert." New ones include four lavish sundaes: Heath Bar Crunch, Cookies'n Cookies'n Cream, White Russian and Chocolate Macadamia Crunch. Iron-willed customers might, of course, have Soup du Jour or one of three Gourmet Salads ($5.25 each) for dinner.

MARRIOTT **$81.9MM**

The big news is Allie's (named for Mrs. Alice "Allie" Sheets Marriott, co-founder and vice president), and Marriott most likely will convert all its Howard Johnson's, Wags, Jolly Rogers and Bickford's to the new family concept.

Open for breakfast, lunch and dinner, Allie's prices range from $3 to $7 for what Rick Sneed, head of corporate public relations, calls "contemporary American food. There is comfort food on the menu, yes, but basically, Allie's is a place where a young family with children can come and enjoy some of today's more creative food dishes, such as steak fajitas, all moderately priced. We use a lot of healthful preparation methods, such as grilling."

Among Allie's old-fashioned dishes will be Better Than Mom's Meatloaf dinner ($5.99), Allie's Fried Chicken dinner ($5.29), and Liver & Onions ($5.50). But the prevailing menu mode is Baja Chicken ($6.99), Chicken Fajitas ($6.99), Chicken Dippers—with honey mustard and barbecue sauces ($5.45), Charbroiled Halibut ($7.39), Steak Fajitas ($6.99).

Anytime Breakfasts are served throughout the day; coffee is freshly ground, regular and decaf. And there is house wine, by glass or carafe, and beer. The seniors' dinner menu offers selected entrees at lower prices and offers Allie's All-You-Can-Eat Salad Bar (normally $3.99) at $3.50.

One development to watch is Allie's Build-A-Lunch Bar ($5.49), where customers can create their own menu from a bar that contains salad ingredients, fresh fruit, warm muffins, pasta with two sauces, taco and tostada fixings and baked potatoes with a variety of toppings. —*Nancy Ross Ryan*

400: CAFETERIAS

By broadening variety, lightening up menus and giving customers more service options, cafeterias try to position themselves as a mainstream dining alternative.

CAFETERIAS TARGET FAMILY-DINING MARKET

Buffet systems, discount clubs, drive-thru windows help major chains accentuate their assets for today's diners.

Cafeterias' battle for the dining-out dollar is not new. The major chains have been sprucing up outlets and updating menus for years in efforts to tap nontraditional markets such as families and young people, and to expand beyond their predominantly Southern and Southwestern markets. But the latest round of changes—takeout counters, drive-up windows, discount clubs, children's menus, and all-you-can-eat buffets—go further than ever before to dispel cafeterias' image as quaint throwbacks to a simpler past. Cafeterias are trying to make the most of their virtues, namely speed, menu variety, and a strong price-value perception. And the leading chains are positioning themselves to compete not only with other cafeterias but with the whole range of low- to mid-price dining options.

MORRISON FAMILY DINING $323MM

Segment leader Morrison has adopted a two-pronged strategy for attracting the potential cafeteria user. Most of the company's sales volume comes from the 158 traditional Morrison cafeterias, which offer a menu of about 120 items for an average check of $4.80. Thirty of these now have separate takeout areas; all offer takeout items.

But Senior Vice President Richard McGeoch says the company also sees great potential in Sadie's Buffets, where customers serve themselves from a menu half the size of the cafeterias' for a fixed all-you-can-eat price of $4.99 at lunch and $5.79 at dinner. "It appeals to young families and people who don't like to be surprised at the end of the meal," he says. Costs at the two concepts balance out: McGeoch says food costs run about 28% of sales in the cafeterias and 36% at Sadie's, but labor costs are 24% and 16%.

Morrison opened its first Sadie's in late 1987. There are now 12 Sadie's, and though the company has no growth target for the concept in fiscal '90, McGeoch says it may offer Morrison a way around Northerners' distaste for cafeterias.

400: CAFETERIAS

Buffets may open up new geographic markets—if higher food costs can be controlled.

LEADING CAFETERIA COMPANIES

1 **MORRISON FAMILY DINING DIVISION (68)**
Sales: $323MM Units: 170

2 **FURR'S/BISHOP'S CAFETERIAS, L.P. (77)**
Sales: $272.8MM Units: 157

3 **LUBY'S CAFETERIAS INC. (84)**
Sales: $262MM Units: 117

4 **PICCADILLY CAFETERIAS INC. (89)**
Sales: $241.7MM* Units: 132

5 **WYATT CAFETERIAS INC. (112)**
Sales: $189MM Units: 120

6 **OLD COUNTRY BUFFETS (200)**
Sales: $79.8MM Units: 60

7 **INTERNATIONAL KING'S TABLE (203)**
Sales: $78MM Units: 87

8 **K&W CAFETERIAS (270)**
Sales: $50.2MM Units: 21

9 **MCL CAFETERIAS (284)**
Sales: $47MM Units: 27

10 **S&S CAFETERIAS (367)**
Sales: $30MM Units: 19

11 **ROYAL FORK BUFFET RESTAURANTS (381)**
Sales: $28MM Units: 16

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FURR'S BISHOP'S CAFETERIAS $272.8MM

"In this business, it's innovate or die," says Richard Lahvic, vice president of marketing for Furr's Bishop's Cafeterias L.P., which operates 157 outlets in the Midwest and Southwest. What is new is less the menu than the pricing policy: Customers at 90 Furr's can now choose between dining a la carte and buffet-style in the same facility. The all-you-can-eat option includes all but a few items on the cafeteria menu and costs about $5.29 at lunch and dinner. That compares to a $4.58 check for the average cafeteria customer. The options help build traffic, and the buffet increases check averages.

LUBY'S CAFETERIAS $262MM

Luby's began testing takeout in September 1987 and was so pleased that about 20 of the chain's 117 units now have dedicated takeout counters, with another 20 under construction or proposal. (The rest offer takeout from the service line.)

Now the company is testing a modified drive-in system in a unit in its San Antonio, Texas hometown. Customers park in six designated spaces and place orders by speaker phone, wait in their cars for a server to call them, and pick up their orders at a drive-thru window. Average check per person is $4.53; average unit volumes are $2.53 million.

OLD COUNTRY BUFFETS $79.8MM

Founded in 1984 by alumni of the King's Table buffet chain, this Midwesterner has about half its 60 units in Wisconsin, Minnesota, Illinois and Ohio. Hostesses pour the coffee, but the patrons do everything else to serve themselves from hot and cold food bars, for an average of $4.50 at lunch and $6 at dinner. A discount-card program draws seniors, says Marketing Coordinator Dawn Ammann, and since its establishment the company has fed children ages 2 to 10 by weight: 40 cents for every pound the child weighs.

S&S CAFETERIAS $30MM

Fifteen months ago, Macon, Ga.-based Smith and Sons Foods saw an opportunity to [illegible] sales in six of their 19 cafeterias with the addition of a dedicated takeout space. The result, the Great American Take Out Shop, has been so successful that Vice President C. E. Johnson says the company will add it to seven more cafeterias this year. The spaces, each with a separate entrance and register, now contribute 20% of the monthly sales volume in the six stores. —*B.Q.*

In selected markets, particularly among young families, chains hope to provide quantity without sacrificing food quality.

For information Pennsylvania Mushroom circle 116 ——→

400: RETAIL/C-STORES

Deli-takeout has become a mainstay in retail foodservice. Menus play up salads, seafood, grilled items.

RETAIL, C-STORES WEIGH FOODSERVICE OPTIONS

To serve or not to serve? Giants decide while smaller companies add healthful items and takeout counters.

Retail foodservice appears to be in a state of flux. J.C. Penney and The May Co. are following the lead of Chicago's Carson, Pirie, Scott & Co. and greatly de-emphasizing foodservice. On the other hand, retail giant Sears has begun to experiment with 13 in-store restaurants.

Also following the expansion trail is Carter Hawley Hale, which reports a new boom in foodservice, with restaurants showing double-digit sales increases, according to John Mueller, foodservice director of the Los Angeles-based company.

Convenience stores face financial struggles, the magnitude of which has put foodservice on a back burner. Segment-leader Southland is still paying down debt incurred in its 1987 leveraged buyout. The Dallas-based company does not expect to turn a profit until 1991. Convenient Food Mart, Rosemont, Ill., is coping with hefty financial losses and disgruntled franchisees. Circle K Corp., whose foodservice vice president left the company last year, is on the block.

THE SOUTHLAND CORP. $701MM

Instead of building more outlets to achieve growth, Southland will try to increase sales at its 7-Eleven operations. Honing and changing menus is an ongoing process. Last year's only new items were pizza and doughnuts. The company is promoting its "Big Bite" and "Super Big Bite" hot dogs by emphasizing a brand-name supplier.

K MART $342.6MM

The retail discount giant is in an expansive mood, planning to refurbish smaller stores and equip them with delis. An estimated 30 to 50 renovations are scheduled for this year.

Foodservice operations in newer stores will be positioned near the front entrance for more visibility. The 1,145-square-foot, 34-seat restaurants, equipped with grills, fryers, and self-service coffee and soft-drink bars, will include a takeout deli for sandwiches, gourmet cookies and frozen carbonated beverages.

400: RETAIL/C-STORES

LEADING C-STORE COMPANIES

1 **THE SOUTHLAND CORP. (34)**
Sales: $701MM* Units: 7,200

2 **CIRCLE K CORP. (65)**
Sales: $263.4MM* Units: 4,600

3 **CONVENIENT FOOD MARTS (198)**
Sales: $80.0MM Units: 1,282

LEADING RETAIL COMPANIES

1 **K MART CORP. (65)**
Sales: $342.6MM Units: 1,621

2 **F.W. WOOLWORTH (136)**
Sales: $144MM Units: 750

3 **THE MAY CO. (229)**
Sales: $66MM* Units: 395*

4 **McCRORY STORES (247)**
Sales: $56.5MM Units: 326

5 **TARGET STORES INC. (251)**
Sales: $55MM* Units: 350

6 **DAYTON HUDSON DEPARTMENT STORE CO. (307)**
Sales: $40MM* Units: 58

7 **FAIR LANES INC. (343)**
Sales: $34.9MM Units: 110

8 **CARTER HAWLEY HALE STORES INC. (393)**
Sales: $26MM Units: 68

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Dayton Hudson's "Chickery" concept offers entrees made with boneless, skinless char-broiled chicken.

F.W. WOOLWORTH **$144MM**

The original "five-and-dimes" are looking to convenience foods to curb labor costs and still retain quality. Units are actively pursuing the untapped children's market as a way to lure adults to foodservice operations.

Woolworth's top seller is that old lunchroom stalwart, the meat-loaf dinner. The company says it is seriously looking at lighter, more healthful food offerings, particularly products low in cholesterol and sodium.

McCRORY STORES **$56.5MM**

Breakfast is an important segment in McCrory's Kress, NewBerry's and H.L. Green stores. Monthly promotions focusing on that daypart, as well as dessert specials, have been successful.

Homemade soup is a consistent best seller. Fresh-dough pizza and a hot dog with "all the fixings" are being tested in a handful of prototype units. A few outlets also are testing yogurt bars. In addition, mobile carts have been designed for use in stores with no foodservice operations. About 30 carts will be put into different locations by the end of the year.

DAYTON HUDSON **$40MM**

In response to customer demand, the Marketplace, Dayton Hudson's retail carryout restaurant, will list cholesterol, sodium and calorie counts for seafood, pasta and stir-fries.

"Chickery," a line of boneless, skinless, char-broiled chicken breast offerings, is being tested in two units. The menu, which changes daily, includes selections such as chicken with wild rice and chicken salads.

FAIR LANES **$34.9MM**

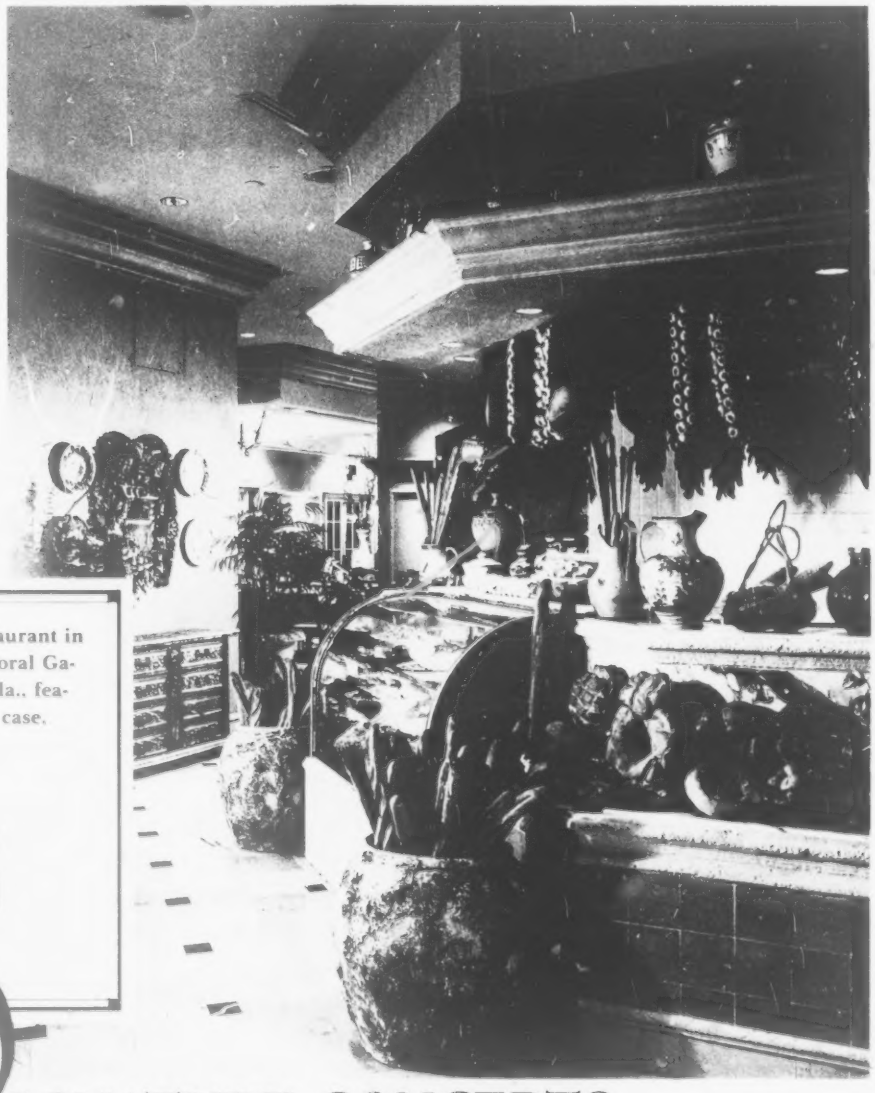
Fair Lanes snack shops, which serve up the usual hamburger, hot dog and fries fare, have added chicken wings to the menu. This year, five operations added an all-you-can-eat buffet at breakfast and dinner. The company's chain of nine family-style English Bake Shops features fried chicken, which accounts for 30% of lunch and dinner sales, and 80% of takeout (30% of sales).

CARTER HAWLEY HALE **$26MM**

Carter Hawley Hale is looking for an alternative to full service to combat high labor costs. Possibilities include a limited-service operation wherein customers go through a short line, put in their order, and a waiter brings it to the table. Menu plans call for more soup and salad bars. —*B.M.D.*

Menu innovations in convenience stores have been limited. This year's only new additions are fresh doughnuts and pizza.

400: HOTEL DINING



The Two Sisters restaurant in the Hyatt Regency Coral Gables, Coral Gables, Fla., features a tapas display case.

SIGNATURE CONCEPTS GAIN IN POPULARITY

Hotel restaurateurs say a strong restaurant concept is essential for fighting off freestanding competition.

If the prediction of David Zadikoff, vice president of food and beverage, Hyatt Hotels Corp., Chicago, comes to pass, generic hotel restaurants and coffee shops will soon go the way of vibrating hotel beds and coin-operated television sets.

"Generic hotel restaurants are going to die," he says, "to make way for specific signature concepts." Zadikoff says that hotel food and beverage operations must find a workable concept to effectively compete with the proliferation of local restaurants. While breakfast will remain in its traditional form, hotel lunches and dinners must become more exciting to capture the local market as well as the guest.

Concepts also are an important consideration at the Stouffer Hotel Co., Solon, Ohio. "We have changed all of our old-fashioned, fine dining rooms to concept restaurants," says Giulio Comacchio, vice president of food and beverage. Some of the concepts used at Stouffer hotels include French brasseries, Italian bistros and seafood restaurants. "We are trying to manage our restaurants with an entrepreneurial spirit, like an independent operator would," he says.

The concepts used in Radisson hotel restaurants are working well, says Don Clawson, vice president of food and beverage, Radisson Hotel Corp., Minneapolis. In fact, one seafood theme restaurant is so popular, especially for breakfast, a wall will be torn down so that the restaurant can annex the adjacent cafe, which is open all day. Clawson declined to name the location.

A theme restaurant that is working well for Princess Hotels International, New York, is the Marquesa in the Scottsdale Princess, Scottsdale, Ariz. The cuisine is Catalan, from northern Spain. Since the menu was introduced in place of the former gourmet French menu, business has increased to the point that the signature restaurant is now open for lunch during the hotel's high season.

After sending a culinary team to Hong Kong to scout restaurants and bring back some cooking talent, Caesars Palace in Las Vegas opened the Empress Court. The 125-seat restaurant features a combination of popular Chinese cuisines, specializing in fresh seafood.

Customer food preferences vary from chain to chain. Hyatt's Zadikoff says that his chain's customers are eating lighter and more healthful meals; they want less butter and fewer sauces. Clawson, on the other hand, says that Radisson customers are buying more beef than ever and that chicken and other foods perceived as healthful are not popular.

Whatever the cuisine, hotel chefs should not experiment with new dishes at the expense of taste, says Anton Pirinner, executive vice president, Fairmont Hotel Management Co., San Francisco. He cautions against serving meals that are too far out, citing an Austrian expression, "What the farmer doesn't know, he doesn't eat."

HYATT HOTELS CORP. **$796.2MM**

Japengo, Hyatt's latest restaurant concept, opens in La Jolla, Calif. later this year. This Japanese-style bistro will offer Pan-Asian and regional California dishes. A free-standing restaurant, Japengo will be 500 yards away from the hotel. While the concept of Japengo was researched for a year and a half, Hyatt will wait to see how business goes before taking the concept to other hotels.

All restaurant concepts of the Radisson Hotel Corp. offer guests a variety of drinks and appetizers.

400: HOTEL DINING

LEADING HOTEL COMPANIES

1 **THE SHERATON CORP. (13)**
Sales: $1,600MM Units: 1750

2 **MARRIOTT LODGING (18)**
Sales: $1,218.3MM* Units: 585*

3 **HILTON HOTELS CORP. (20)**
Sales: $1,054MM Units: 1,185*

4 **HYATT HOTELS CORP. (27)**
Sales: $796.2MM* Units: 320

5 **HOLIDAY INN HOTELS (32)**
Sales: $751.3MM* Units: 1,700

6 **RAMADA HOTELS (42)**
Sales: $547.3MM* Units: 790*

7 **WESTIN HOTELS (49)**
Sales: $427.4MM* Units: 261*

8 **INTER-CONTINENTAL HOTELS CORP. (52)**
Sales: $420MM** Units: 424**

9 **QUALITY INNS (55)**
Sales: $376MM Units: 815

10 **DAYS INNS (59)**
Sales: $370.8MM Units: 698

11 **RADISSON HOTELS (79)**
Sales: $268MM Units: 340

12 **HYATT INTL. (106)**
Sales: $206.3MM Units: 207*

13 **BALLY HOTELS (114)**
Sales: $187.6MM* Units: 29*

14 **STOUFFER HOTEL CO. (117)**
Sales: $178.4MM* Units: 96

15 **OMNI HOTELS (128)**
Sales: $156MM Units: 86*

16 **EMBASSY SUITES (134)**
Sales: $150MM Units: 91
continued on page 178

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Radisson has started a promotional package to increase sales of coffee and after-dinner drinks.

Hyatt recently finished a 2½-month promotion called "Pasta, Pesto, Primavera," the first of what will become a series of nationwide ethnic food promotions. With few exceptions, all Hyatt three-meal restaurants offered a variety of Italian appetizers, entrees, desserts and wines. A French bistro promotion debuts this fall.

To attract families to Hyatt hotels, the company has begun the Camp Hyatt program of supervised children's activities at all hotels and resorts in the U.S., Canada and the Caribbean. A specially priced children's menu offers meals, both in three-meal restaurants and through room service, for no more than $3 for breakfast and $5 for lunch and dinner. All regular menu items are available in half-price children's portions.

RADISSON HOTEL CORP. $268MM

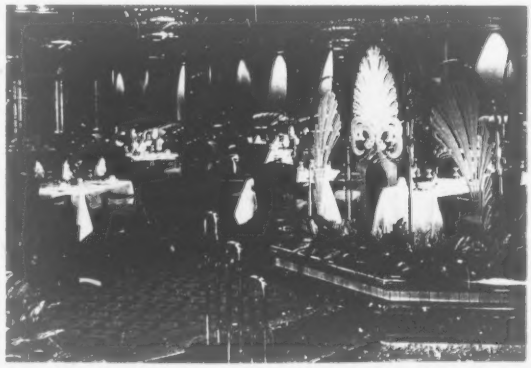
Radisson has developed effective programs that have significantly increased room service sales. A systemwide pizza program, Napolizza, gives guests the impression that they are getting their food from an outside business that specializes in pizza. Marketed with the claim "29 minutes or it's free," the pizza is ordered from a telephone number different from room service and is delivered by a delivery person wearing a special jacket and baseball cap, carrying a Napolizza pizza box and warmer packet. The five hotels that have used the program for some time average 25 to 30 pizzas per day, each at 70% profitability.

Radisson's room service breakfast business has increased 22% over the same period a year ago, since revamping the door knob hanging card with a colorful graphic and a tie-in to the *Wall Street Journal*. Upgraded service and faster delivery guarantees than in the past also contributed to the increase.

In its restaurants, Radisson introduced "Pasta Power," a program touting the healthfulness of pasta. The program originated in 25 hotels, with another dozen or so adding it later. Sales in these restaurants showed a 7% to 8% increase over the same period last year.

STOUFFER HOTEL CO. $178.4MM

Stouffer Hotels are tying each of their fine dining restaurants to strong concepts. Counting on Mediterranean cuisine as the next big dining trend, the company is opening Corniche at the Stouffer Esmeralda Resort in Indian Wells, Calif., later this year. Mediterra-



Each of Red Lion's Portland, Ore.-area hotels, including the Red Lion Inn Lloyd Center, recently introduced new menus.

400: HOTEL DINING

LEADING HOTEL COMPANIES

17 RITZ-CARLTON CO. (140)
Sales: $142MM Units: 40

18 RED LION INNS (142)
Sales: $140MM Units: 127

19 CAESARS WORLD INC. (146)
Sales: $134.2MM Units: 37

20 HARRAH'S (148)
Sales: $132.5MM Units: 50*

21 DOUBLETREE HOTELS (164)
Sales: $105MM Units: 90

22 TRUSTHOUSE FORTE HOTELS (175)
Sales: $93.1MM Units: 106

23 REGISTRY CORP. (178)
Sales: $92MM Units: 37

24 LOEWS HOTELS (179)
Sales: $90.6MM Units: 74

25 RESORTS INTL. (186)
Sales: $85MM Units: 23

26 PRINCESS HOTELS (195)
Sales: $80.7MM* Units: 34

27 CIRCUS CIRCUS (201)
Sales: $79.3MM Units: 15*

28 PRIME MOTOR INNS (208)
Sales: $75MM** Units: 75

29 FAIRMONT HOTEL CO. (212)
Sales: $73MM Units: 21

30 RAMADA GAMING (223)
Sales: $68.5MM Units: 15*

31 POINTE RESORTS (255)
Sales: $53MM* Units: 11

32 THE BOYD GROUP (257)
Sales: $52.8MM Units: 27

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Hyatt will open a Japanese bistro, serving Pacific Rim and California cuisine, by year's end.

nean cuisine avoids heavy sauces, instead using fresh herbs and spices for seasoning. Foods are usually roasted, sauteed, grilled or poached.

The Stouffer Tower City Plaza Hotel in Cleveland, opened Shucker's Tavern and Seafood Bar in April. In addition to the seafood raw bar, Shucker's offers patrons a hot and cold buffet, which includes soups, salads and desserts.

Stouffer hotel restaurants have introduced two special promotions this year. One offered guests a special menu composed of 10 to 12 Hawaiian dishes. A three-week asparagus promotion featured a variety of appetizers and entrees such as asparagus with sauteed salmon scallopini and asparagus with buffalo mozzarella.

RED LION INNS **$140MM**

To stave off competition, all of the restaurants in the the five Portland, Ore., area Red Lion hotels introduced new menus. In the past, menus at all of the restaurants were rather similar; each operation now offers a different menu with a different price range.

To advertise the change in fare at the Portland restaurants, the hotels relied on local advertising consisting of newspaper ads, mini-menus sent to local customers and billboards featuring Red Lion's logo and the headline, "This Lion Would Like To Have You For Dinner."

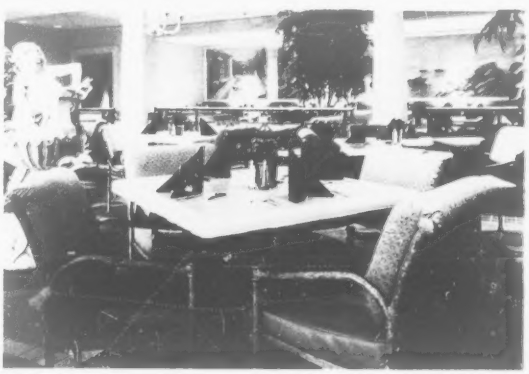
FAIRMONT HOTEL CO. **$73MM**

New concepts and renovations are the name of the game at several Fairmont Hotel restaurants. Bella Voce, the new Italian restaurant in the San Francisco property, takes the place formerly held by the Brasserie. Customers sample the new menu as employees sing opera, operetta and Broadway melodies. Business for the first four months of 1989 is two and a half times that of the Brasserie during the same period last year.

The Pyramid restaurant in the Dallas property and the Sazerac in New Orleans have both been remodeled. While both were updated, the goal was not to lose the traditional ambiance both offered. With the help of new menu and furnishings, Sazerac's business has increased 30% to 40% over the same time last year.

The five Fairmont hotels have helped keep the supper club tradition alive for many years. However, when construction begins later this year on a new Washington, D.C., property, no supper club will be included.

—Rob Townsend



Caesars' Atlantic City casino hotel recently replaced Milt & Sonny's Deli with an Italian restaurant, Cafe Roma.

400: EDUCATION

Some schools offer students a nutrition profile for each item they order.

EYE APPEAL HELPS SELL NUTRITIOUS MENUS

Food bar displays, garnishes and promotions tempt students to choose nutritionally sound dishes.

Jolted by a recent mandate from the Surgeon General and the U.S. Department of Agriculture to cut fat, salt and sugar in school food, education foodservice directors have been busy during the past year. They are developing new menus to increase dietary choices, while making each choice a nutritionally sound one.

Sometimes all it takes is a change in appearance to make a "low-cal" dish seem more appealing. Greater use of promotions, special garniture, and serving containers that resemble those used in fast-food operations boost the eye appeal of nutritious dishes.

Students' reactions are still mixed, report foodservice directors. "Most students aren't crazy about the vegetarian entrees, the ones they know are supposed to be good for them," says Charles Gaghano, manager of university foodservice and housing for Michigan State University, East Lansing, Mich. "What the students seem to enjoy more are the ethnic foods that are really variations of what ethnic chain restaurants offer." Oriental stir-fry, Mexican burritos and taco salads are popular.

As more students eat lunch on the go, the appeal of taco, salad and food bars remains high. Perhaps that is because the lines move faster than one long cafeteria queue, or because the meal seems more like what the offerings of a fast-food restaurant.

Many school foodservice administrators make a point of testing new items on students, not fellow administrators or faculty. "We started offering free lunches to students on Test Days," says Dorothy Pannell, foodservice director of Fairfax County Public Schools. "We ask students to fill out evaluation forms, and only those menu items ranked as 'outstanding' or 'very good' are added to our regular menus."

Pannell notes that menus are being adapted to conform with guidelines for a healthy diet issued by the Surgeon General and the USDA. She and her team assemble a nutrition profile for each item on the school lunch menu, and print the

400: EDUCATION

Schools and colleges expand market to include day-care centers and senior centers.

LEADERS IN EDUCATION FOODSERVICE

1 **USDA FOOD & NUTRITION SERV.**
Sales: $3,035.8MM†
Units: 89,791

2 **N.Y. CITY BD. OF ED. (90)**
Sales: $241.6MM†**
Units: 1,238

3 **LOS ANGELES SCHOOLS (116)**
Sales: $180.6MM†* Units: 580

4 **CHICAGO BD. OF ED. (150)**
Sales: 128.0MM†** Units: 587

5 **DADE CTY. SCHOOLS (243)**
Sales: $58.1MM†* Units: 290

6 **HOUSTON INDEP. SCHOOL DIST. (245)**
Sales: $57.4†* Units: 227

7 **SCHOOL DIST. OF PHILADELPHIA (281)**
Sales: $48.2MM†** Units: 262

8 **HAWAII SCHOOLS (295)**
Sales: $42.6MM†* Units: 227

9 **HILLSBOROUGH CTY. SCHOOL BD. (312)**
Sales: $39.6MM†** Units: 146

10 **DALLAS SCHOOLS (336)**
Sales: $35.0MM†** Units: 184

11 **DETROIT SCHOOLS (351)**
Sales: $33.6MM†** Units: 270

12 **FAIRFAX CTY. SCHOOLS (366)**
Sales: $30.2MM†** Units: 228

13 **MICHIGAN STATE (372)**
Sales: 29.4MM†** Units: 35

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data on cards. "We hand out the cards as students pass through the end of the line," Pannell says. "They take the information back to their tables and figure out how many calories are in the foods they chose."

Plans to offer similar nutrition data to students are under way in the Detroit Public Schools. "We just finished selecting the nutrition analysis software that will help us track dietary profiles of our menus," says Michael Dinan, assistant foodservice director.

William McClellan Jr., foodservice director of the Hillsborough County (Tampa, Fla.) schools, is redesigning menus so that children obtain no more than 30% of daily calories from fat. He notes that even though the changes are stringent (no fried foods, more vegetarian dishes such as meatless pizza), student participation has dropped by only 4%.

Even that small drop in student participation did not have much of an impact on the bottom line, because foodservice operations have expanded to serve day-care centers (including formula food for 6-month-old babies), senior centers, foster grandparents, detention centers, juvenile homes, and several community action agencies.

Directors nationwide are becoming more aggressive in finding new opportunities for foodservice, when faced with dwindling student enrollments. Perhaps offering healthier eating options will increase the appeal of contract foodservice to other organizations, too.

HILLSBOROUGH SCHOOLS **$39.6MM**
All but five schools are on the breakfast program. Of the breakfast participants, 85% to 88% are students eligible for reduced-fee food. Outside the schools, foodservice ranges from day-care centers to senior-care centers, with special diets for the elderly.

In light of USDA guidelines, low-fat, low-sodium, and low-cholesterol items are being introduced. The move is away from breaded items as well, since so many use hydrogenated oils as binders.

DETROIT PUBLIC SCHOOLS **$33.6MM**
Participation in the school breakfast program is growing, even as the menus change to meet dietary guidelines. All "frosted" cereals were cut out, canned fruit salad in syrup was replaced with fresh, whole fruit, and any items listing sugar as the first ingredient were cut. Roughly half the students now eat school breakfasts. Next year, Detroit Public Schools will offer fruit, juice, cereal plus bread or a 1-ounce serving of protein, such as bacon or egg. Continuing the trend of "offer vs. serve," Detroit schools switched to offering two or three entrees every day, plus a choice of chef's salad, pizza, or a deli sandwich. Before the choice program, high school participation hovered at 25%; since then, participation has risen to 75%.

FAIRFAX COUNTY SCHOOLS **$30.2MM**
School foodservice directors and teachers collaborated in a highly successful reading program in this Northern Virginia school district. Each class set a goal for hours of reading completed each month. If every member of the class met the goal, then the class would be eligible for a special pizza party lunch.

The program received rave reviews from parents, who worked with children to meet reading goals and certify that the children had done so. Parental involvement in the decoration and serving of the special pizza party reduced the need for extra labor from the foodservice department. At one high school, participation was 100%.

MICHIGAN STATE UNIVERSITY **$29.4MM**
Menu offerings here are influenced by the fact that two-thirds of students participating in MSU's foodservice meal plan are women. Concern about fat intakes caused foodservice to switch from frying to oven-baking for chicken and fish. The average cost per student per day for the 20-meal plan is now $7.20.

This year, MSU will remodel a dining hall that seats 650. It is MSU's first dining facility remodelling in a little over two years. —*Lucy Saunders*

400: MILITARY

Anchors Ole, at the Naval Training Center in Orlando, Fla., a signature concept that is gaining in popularity among military foodservice administrators and customers.

MILITARY FOODSERVICES UNDER FINANCIAL GUN

As base closings and budget cuts wreak havoc, foodservices will become more efficient and commercial.

While the battles are being waged in Washington, D.C., the wounded will be scattered all across the country. A bipartisan commission has recommended a plan to close 86 military bases, partly close five others and consolidate 54 more. The plan, which is likely to be argued all summer, would save $693.6 million a year after five years. The action is good for the budget, but not so good for the personnel on the bases and for local business people. Fewer facilities will mean fewer dollars spent in the area restaurants.

This also means hard times for foodservices because they, too, will be closed or consolidated. The heat is on, as well, to decrease or even eliminate subsidies in the "commercial" operations on bases. For example, recent legislation by the Congress has removed the appropriated fund subsidy that officers' clubs have enjoyed. Except for clubs overseas or in remote areas, direct subsidies will end on Oct. 1, 1990. Financial support will be eliminated gradually during fiscal 1989 and 1990. Without the appropriated fund distribution, 80% of Navy clubs, for example, would become money losers. Not only must they become more self-sufficient, but these facilities are being asked to contribute more to other departments that are also facing cuts and have no sources of income.

This is being accomplished in a variety of ways. For example, the services are preparing a joint service letter to the Secretary of Defense requesting permission for clubs to offer off-base catering for club patrons. And the Norfolk, Va., Naval Base has signed a services contract with Harbotage Inc., a Dallas-based hospitality services management company, to open and operate a sports-theme club on the base. To be called the "Norfolk Original Sports Club," the operation will be similar to the successful "Baltimore Original Sports Bar" which is part of a dining and entertainment complex operated by the company in Baltimore, Md. The Navy expects to

400: MILITARY

The services are requesting permission for clubs to offer off-base catering for club patrons.

LEADING MILITARY ORGANIZATIONS

1 **U.S. ARMY TROOP SUPPORT AGENCY (14)**
Sales: $1,332.8MM† Units: 995

2 **U.S. NAVY FOOD SERVICE SYSTEMS OFFICE (24)**
Sales: $896.0MM**† Units: 684

3 **U.S. ARMY COMMUNITY & FAMILY SUPPORT CENTERS (29)**
Sales: $772.0MM† Units: 624

4 **ARMY & AIR FORCE EXCHANGE SERVICE (38)**
Sales: $577.9MM† Units: 2,101

5 **U.S. AIR FORCE OPEN MESS SYSTEM (66)**
Sales: $337.4MM† Units: 270

6 **U.S. AIR FORCE ENGINEERING AND SERVICES CTR. (71)**
Sales: $298.8MM† Units: 597

7 **VETERANS ADMINISTRATION (86)**
Sales: $258.2MM† Units: 172

8 **U.S. MARINE CORPS. (91)**
Sales: $240.0MM**† Units: 107

9 **U.S. NAVY OFFICER'S AND ENLISTED CLUB SYSTEM (125)**
Sales: $164.0MM† Units: 276

10 **NAVY RESALE AND SERVICES SUPPORT OFFICE (156)**
Sales: $117.6MM† Units: 581

11 **VETERANS CANTEEN SERVICE (242)**
Sales: $59.9MM† Units: 172

12 **U.S. ARMY MEDICAL DEPARTMENT (253)**
Sales: $54.6MM† Units: 51

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install similar clubs on other bases.

Although morale is a little low, according to some sources, and it is taking time and effort to integrate operations, the goal of foodservices continues to be to increase the healthfulness and variety of military personnel's meals and update facilities to make them more appealing to a more sophisticated clientele.

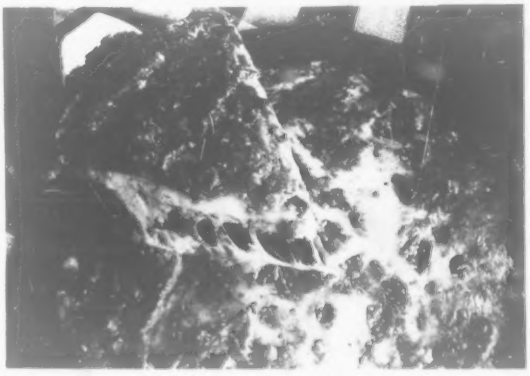
U.S. ARMY TROOP SUPPORT $1,332MM†
Although hamburgers and salad bar offerings are the most popular items right now, the Army is testing recipes for vegetables, entrees and desserts that have lower fat and sodium contents. The organization may also add more bran products and whole grain breads and muffins to menus. Items the Army has recently introduced include Cobb salad, herbed baked fish, gyro sandwiches, vegetable stir-fry, moussaka and Chinese five-spice chicken.

ARMY/AIR FORCE EXCHANGE $577.9MM†
Expanding theme restaurants with identifying names, menus and decor packages is a top priority with this group. Popular menu items continue to be hamburgers and cheeseburgers. The organization is testing Mexican food concepts and plans to introduce more Mexican items during this year. Special promotions include a "Lite Lunch" Soup & Sandwich.

AIR FORCE ENGINEERING $298.8MM†
The emphasis this year is on increased cross training for the recer , merged foodservice and services career field; review of operational rations requirements; and completion of nutritional analysis of U.S. Air Force Worldwide menu. The most popular menu item is lasagna. The organization is now testing the soup, cereal, pasta and sandwich sections of the Armed Forces Recipes.

U.S. MARINE CORPS $240MM†**
USMC finds fried chicken and burgers to be the most popular fare. In 1988, the Corps added low-fat yogurt, fresh snow pea pods, kiwifruit, mangoes and thick sliced bread ("Texas Toast") to menus. The Corps is testing dehydrated egg mix and canned white bread (for field use).

U.S. NAVY CLUB SYSTEM $164MM†
Popular menu items in Navy clubs reflect private sector trends. Ethnic foods, especially Mexican, are hot. Many clubs have started pizza delivery service. *—Susie Stephenson*



Pizza and hamburgers remain popular items with military personnel, even though commands are introducing more healthful menu items.

400: HEALTH CARE

Special meal occasions like this celebration dinner for new parents raise the hospital's foodservice profile while giving employees a chance to show what they can do.

HEALTH-CARE HEADACHE: TO TEND PROFIT OR COST?

Most successful facilities are offering consumers more varied, but also more cost-efficient, foodservice choices.

These are far from the best of times for healthcare giants. Just as the federal government has mandated tighter controls under DRG formulas to lower costs, Wall Street has mandated downsizing proprietary hospital and long-term-care chains to increase profitability.

In hospital foodservice departments, responses range from tightening or centralizing dietary controls at some healthcare chains to examining the labor-saving possibilities of new systemwide cook/chill systems by state mental health systems in Pennsylvania, Texas and Illinois.

Today's healthcare climate leaves less room than ever for foodservice as usual thinking. Cost control is an absolute must—actual profits are preferable.

BEVERLY ENTERPRISES $268.8MM

Nursing homes have become the back door for hospitals discharging patients early under DRGs. "In the past five years, we've seen a great deal more critical-care patients," explains Larry Sutton, corporate menu coordinator for Beverly Enterprises.

Not only does today's nursing home see eight to 10 patients on intravenous tube feeding, compared to perhaps one per home previously, but 30% to 40% of patients in many facilities require pureed foods.

Sutton's base assignment is the centralization and computerization of menu planning for the giant nationwide nursing-home chain. She works with five menu committees of consulting dietitians around the country to create regional menus.

The result for each region: two menu cycles per year, each updated once to take advantage of seasonal fruits and vegetables.

Mainstream food trends mean little to nursing-home residents whose food habits were formed up to 80 years ago. So menus at Beverly's operations have been forced to stick fairly close to the traditional. "They don't like tofu, except in the South," Sutton says. "We tried pizza and tacos, they didn't even know what they were."

400: HEALTH CARE

Meals on wheels, room service, takeout and self-operated vending are all revenue boosters.

LEADING HEALTH-CARE COMPANIES

1 **BEVERLY ENTERPRISES (78)**
Sales: $268.8†MM
Units: 1,050

2 **HOSPITAL CORP. OF AMERICA (97)**
Sales: $226.8*†MM Units: 300

3 **NATIONAL MEDICAL ENTERPRISES (99)**
Sales: $226*†MM Units: 657

4 **HUMANA INC. (183)**
Sales: $88.8†MM Units: 82

5 **ADVENTIST HEALTH (206)**
Sales: $75.8*† Units: 161

6 **DAUGHTERS OF CHARITY HEALTH SYSTEMS (209)**
Sales: $75*†MM Units: 32

7 **NATIONAL HERITAGE (214)**
Sales: $71.4†MM Units: 221

8 **HEALTH TRUST (217)**
Sales: $69.8*†MM Units: 104

9 **NEW YORK CITY HEALTH & HOSPITALS CORP. (230)**
Sales: $65.4*†MM Units: 16

10 **MANOR HEALTH CARE (248)**
Sales: $56†MM Units: 139

11 **AMERICAN MEDICAL (278)**
Sales: $49.3†MM Units: 55

12 **EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY (287)**
Sales: $45.8*†MM Units: 201

13 **HEALTH CARE & RETIREMENT (293)**
Sales: $43.1†MM Units: 130

14 **UNICARE (330)**
Sales: $36.4†MM Units: 143

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NATIONAL MEDICAL ENT. $226MM

"We are providing core services related to hospital care," explains Trudi McComb, director of foodservice at National Medical Enterprises, "except when it's directly related to marketing activities, such as our wellness or weight-loss programs."

But smart hospital marketing today inevitably includes devising ways to make institutional dining more palatable to consumers with the power of choice. Enhancements of current service at NME hospitals include such options as candlelight dining, VIP service and even guest-room service for overnight hospital visitors. "In some cases, we may even have a chef coming on board," McComb adds.

In spite of these and other efforts to take hospital dining upmarket, cost containment is the primary thrust at NME, and that means a streamlining of menus and fewer selections. "For employee foodservice, we're looking at vending and convenience foods as possible alternatives," she points out, although take-home food for sale to employees also has a place.

DAUGHTERS OF CHARITY $75MM

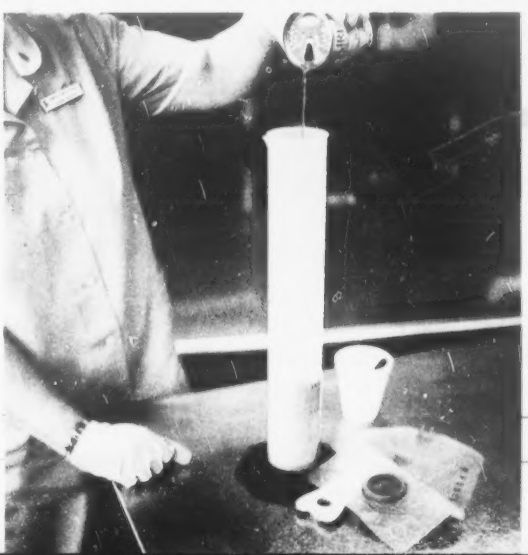
Many of the same changes in foodservice are being made by the Daughters of Charity foodservice directors. Lynn Schaefer, the organization's foodservice consultant, and her two-person staff deal with directors, negotiate purchasing contracts and orchestrate food and supplies distribution. They also provide consulting on productivity, act as networking catalysts, do some installation design work and, in general, are expected "to walk on water," if necessary.

In her work, Schaefer says she is seeing hospitals serve many more non-employee meals and even operate restaurants or provide foodservices for doctors' office buildings. Carryout foods are another growth area.

UNICARE HEALTH FACILITIES $36.4MM

Unicare's innovations parallel what is happening in hospitals, focusing on food as a potential profit center. Wayne Goldman, corporate director of foodservice operations, reports that meals-on-wheels programs add 20,000 additional meals per week from existing kitchen facilities and personnel. Also encouraged: intrapreneurship. "One energetic kitchen supervisor is producing sandwiches for the local vending company—and delivering a better quality product," he says.

—Julie Woodman



Presentation is everything: One of the meals in a liquid diet is harmlessly colored to make it more palatable to the patient.

400: CONTRACTORS

The Manny Hanny, a grilled corned beef sandwich, is one of 15 new sandwiches offered in The Wood Co.'s Grills & Frills program.

CONTRACT GIANTS PLAY BRAND-NAME GAME

Signature food concepts, nutrition programs and selling consumer brands to contract clients strong trends in '89.

A shift to brand names is the most recent example of the retail mentality that pervades contract foodservice. In addition to establishing their own identity through home-grown concepts, such as Marriott's Grande Marketplace, ARA's Choices menu series and the Wood Co.'s Today's Taste for Today's Lifestyles program, several of the larger contractors are entering into licensing agreements with well-known retail chains.

ARA is introducing Dunkin' Donuts mini-cases into business and industry accounts. Pizza Hut kiosks are setting up shop at many Marriott accounts, and McDonald's and Morrison have forged an agreement to approach specific acute-care hospital locations together and present a foodservice package. In a different approach altogether, daka purchased the San Antonio-based Fuddruckers hamburger chain, but whether the chain's concept will be brought into contract accounts in any way is not known.

"The contractors are looking for new ways to grow," says Neil Revet, vice president of Restaurant and Travel Management for the Chemical Bank in New York. "Besides takeovers, I think affiliations between contractors and high-recognition chains will be a strong trend in the near future." Contractors have the potential to become major franchisers of popular chains, he adds. "Not in the sense that they will open a free-standing Burger King or Pizza Hut, but that they will allot space for chains within contract accounts."

Despite the growing trend, contractors' efforts to brand their own products continue to succeed; the process is already paying off with contract foodservice sales representing 10.6% of total "400" sales. Pizza and baked goods lines are the most successful concepts, according to several foodservice contractors, but many cite a growing desire among clients for nutritional items as well.

MARRIOTT **$3,353.4MM**

The Food and Services Management

400: CONTRACTORS

Healthier menus, exercise, stress management play a part in contractors' nutrition programs.

LEADING CONTRACT MANAGEMENT COMPANIES

1 **MARRIOTT FOOD SERVICES MGMT. (5)**
Sales: $3,353.4MM*†
Units: 2,300*

2 **ARA SERVICES INC. (9)**
Sales: $2,350MM Units: 2,500

3 **CANTEEN CO. (17)**
Sales: $1,288.8MM Units: 1,883

4 **SERVICE AMERICA (21)**
Sales: $1,001MM**
Units: 2,000

5 **MORRISON CUSTOM MGMT. (43)**
Sales: $531MM Units: 880

6 **OGDEN ALLIED (50)**
Sales: $425MM Units: 1,725

7 **DOBBS INTL. (64)**
Sales: $348MM*† Units: 48

8 **GREYHOUND FOOD MANAGEMENT INC. (72)**
Sales: $290.8* Units: 278

9 **SKY CHEFS INC. (73)**
Sales: $290.5MM† Units: 40

10 **THE SEILER CORP. (108)**
Sales: $204.8MM* Units: 400

11 **HARRY M. STEVENS (109)**
Sales: $200MM Units: 40

12 **SERVICEMASTER (110)**
Sales: $200MM Units: 260

13 **dăka FOOD SERVICE (127)**
Sales: $159MM* Units: 337

14 **CONCESSION AIR (130)**
Sales: $155MM Units: 45

15 **SPORTSERVICE CORP. (132)**
Sales: $153MM Units: 150
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division of Washington, D.C.-based Marriott signed an 18-year licensing agreement with Pizza Hut under which 900 kiosks serving the brand-name Personal Pan Pizza will be installed in Marriott foodservice accounts over the next three years. The agreement was signed in January.

As a formal licensee, Marriott will prepare and sell cheese and pepperoni Personal Pan Pizza out of the small but fully equipped kiosks. "We are definitely seeing a call for name brands in our accounts," says Kathy Boyle, spokeswoman for Marriott. "A brand-name frozen yogurt and well-known cookie chain also are being examined for possible addition to Marriott account menus."

In the meantime, Marriott's signature branded concepts are doing well. For the second year in a row, 700 Marriott employees and clients were invited to Main Street, the company's marketing show designed to let operators view new foodservice options in person. Eighteen new concepts were introduced, including the Wellness and You program, which addresses nutrition and life style, cancer detection, fitness and exercise. Carte Cafe, featuring four custom-designed carts to offer takeout foods and to help satellite operations, also was introduced. Finally, like many of the large contractors placing renewed emphasis on service, Marriott introduced its new employee-training program, called Respect.

ARA SERVICES **$2,350MM**

During the next six months, Philadelphia-based ARA Services will experiment with mini-cases (like those seen in convenience stores) of Dunkin' Donuts in 10 to 12 business accounts. Besides the obvious draw of the consumer brand of doughnuts, the mini-cases are ideal for business and industry accounts that lack the space for the contractor's signature baked goods concept, Gretel's Bake Shops.

Several accounts will accommodate both concepts, but the fact that only doughnuts will be sold from the mini-cases not only avoids a potential conflict of interest, but complements the Gretel's line, according to David Hatch, vice president of marketing for the Business, Convention and Personal Dining division.

However, ARA will continue to place the most importance on its own signature brands. Since developing the first of its "retail" concepts six years ago (Itza Pizza), ARA has seen double-digit sales growth in health care, educa-

ARA's branded concepts, such as pizza and baked goods, have helped the contractor achieve double-digit sales increases.

400: CONTRACTORS

LEADING CONTRACT MANAGEMENT COMPANIES

16 **TRUSTHOUSE FORTE FOOD SERVICE INC. (135)**
Sales: $148MM Units: 398

17 **FOOD DIMENSIONS (143)**
Sales: $140MM† Units: 175

18 **THE WOOD CO. (144)**
Sales: $138.7MM Units: 235

19 **CLUB CORP. OF AMERICA (147)**
Sales: $133MM Units: 141

20 **WOMETCO (177)**
Sales: $92MM Units: 1,100*

21 **FOOD CONCEPTS INC. (180)**
Sales: $90MM* Units: 720

22 **GUEST SERVICES INC. (188)**
Sales: $83MM Units: 125

23 **PROFESSIONAL FOODSERVICE MGMT. (190)**
Sales: $82MM Units: 142

24 **DELAWARE NORTH (207)**
Sales: $75.4MM Units: 122

25 **TRETTCO INC. (215)**
Sales: $70.6MM† Units: 95

26 **VALLEY FOOD SERVICE CORP. (222)**
Sales: $68.9MM† Units: 110

27 **SANESE SERVICES INC. (237)**
Sales: $60MM Units: 2,000

28 **UNIVERSAL SERVICES (271)**
Sales: $50MM Units: 130

29 **SANDS & CO. INC. (291)**
Sales: $44.4MM†* Units: 825*

30 **SOUTHERN FOODSERVICE MGMT. (294)**
Sales: $43MM†** Units: 71

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Takeout is a natural extension of a contractor's branded concepts: packaging, signage build sales.

tion and business and industry accounts as more concepts were added. In '88, a full exhibition of all of the company's foodservice concepts traveled to seven cities throughout the United States.

CANTEEN CORP. $1,288.8MM

Just under two years in the planning, Chicago-based Canteen Corp. will launch a service enhancement program, called The Saturn Standards Series II, in its B&I accounts this summer. The program is unique because it approaches contract foodservice from the service standpoint rather than simply rolling out new food concept modules.

The problem in this business is that staying abreast of trends is mandatory, but often, by the time we get out all the material out to our managers, the trend could be over," says Harold Ritchie, vice president of marketing and sales for the foodservice division. In an unusual approach, Canteen is concentrating on training. "We're strengthening our service by strengthening our employees. From now on, it is not just business as usual," says Ritchie. Employees will have the resources, knowledge and confidence to act quickly on new trends and try out their creative skills in order to become more responsible for the success of their operations, according to Ritchie.

As part of the plan, managers will be sent to one of Canteen's 17 training centers throughout the country to learn everything from customer relations to food styling. In fact, a food stylist has been hired to teach garnishing and plating techniques developed expressly for Canteen.

MORRISON CUSTOM MGMT. $531MM

Morrison Custom Management is teaming up with McDonald's to make health-care accounts an offer they can't refuse. The two companies have agreed to to approach several acute-care hospitals together to pitch the benefits of having both a full cafeteria and a popular fast-food operation on site. Mobile, Ala.-based Morrison and Oakbrook, Ill.-based McDonald's will keep their respective financial contracts separate and are teaming up only to bring a more attractive foodservice package to the health-care accounts.

"Morrison is one of the leaders in the industry," says Melissa Oakley, supervisor of media relations at McDonald's. "They have over 390 hospital and nursing home contracts and so have the size and experience we're looking for." Oakley adds that the health-care market is one of many target areas for McDonald's. The fast-food leader currently operates restaurants in about 12 hospitals. The partnership would entail putting in downsized McDonald's units in the healthcare complex, but not within the Morrison cafeteria area.

In another vein, research at Morrison shows that the breakfast business is ripe for business. The Breakfast Express program, launched this year, is the latest addition to the company's Bon Appetit specialty retail-oriented module program. Breakfast Express covers the daypart from all angles—breakfast bars, full service, and "Grab and Go" items—to address the needs of individual clients.

THE WOOD CO. $138.7MM

Today's Taste for Today's Lifestyle," The Wood Co.'s food court and menu marketing program, is being introduced to the company's health-care and education accounts, in addition to the business account segment (which was increased by 150 accounts in '88 with the purchase of Food Concepts, a Rutherford, N.J.-based foodservice contractor). The program offers 11 concepts, including Grills and Frills specialty grilled sandwiches, Stack's Deli, Breakfast Club, Sweet Treats and Tag-a-Longs prepackaged lunches.

The emphasis in 1989 will continue to fall on fresh and natural items. Made-on-site pasta, calzone, stromboli and pizza will be rolled out and supported with advertising, promotion and merchandising aids. The from-scratch positioning is strong in the company's Country Kettle soup line as well, and all baked goods are made fresh daily. —*B.G.*

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